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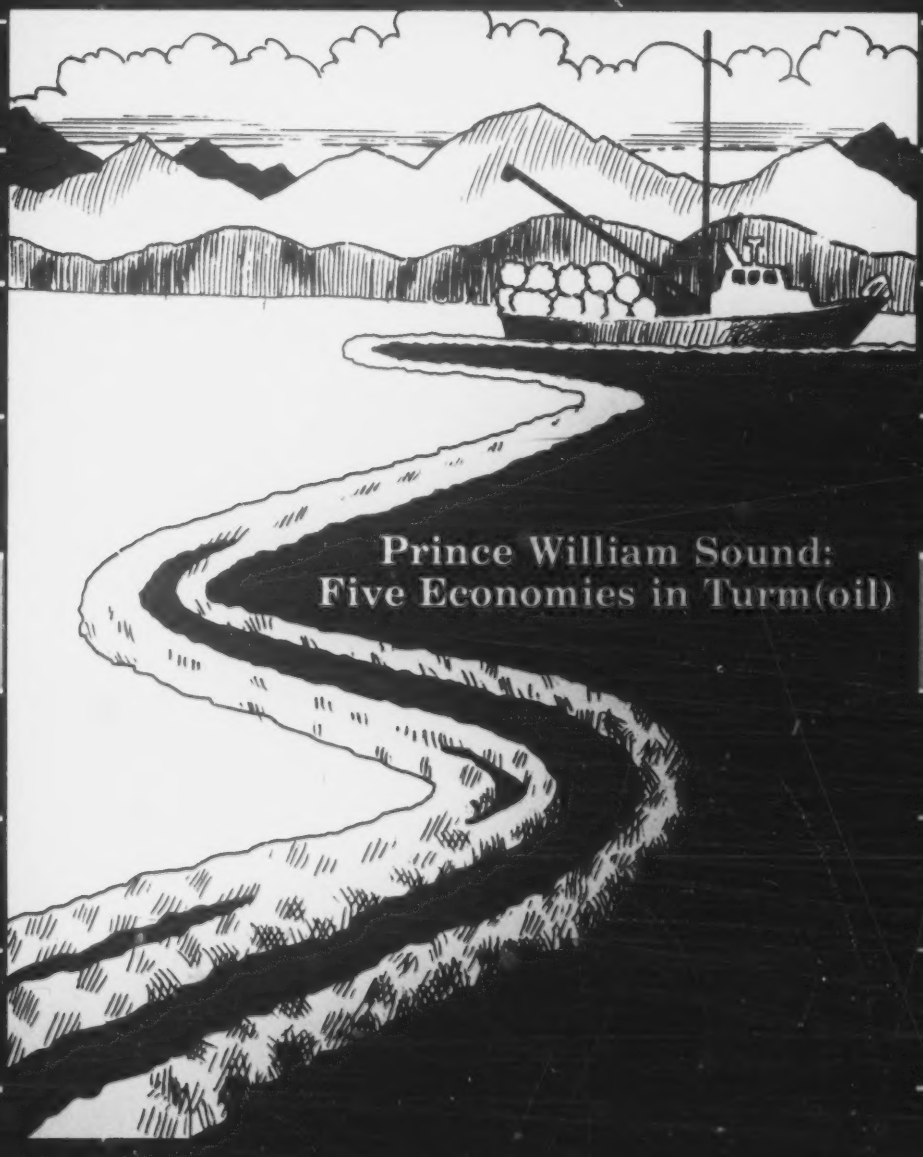
ALASKA ECONOMIC TRENDS



Prince William Sound: Five Economies in Turm(oil)

July 1989

Nonresident Workers' Impact on Alaska– 1987

April Employment Boosted by Oil Spill Impact

ALASKA ECONOMIC

TRENDS

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Alaska Economic Trends is a monthly publication dealing with economic-related issues of Alaska. Opinions and analyses expressed by authors may not be consistent with those of the Alaska Department of Labor.

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Prince William Sound: Five Economies in Turm(oil)

By Neal Fried and Holly Stinson

The Prince William Sound oil spill will be remembered first as an environmental disaster. But it will also mark the start of a new era in Prince William Sound's economic history.

Base Line Data Provides Preliminary Economic Observations

While it is premature to make any definitive conclusions about the economic effects of the spill, this is a good time to present base line data. From these data we will sketch the economy of Prince William Sound and arrive at some preliminary observations of the spill's short term economic impact.

Most of the economic repercussions of the spill won't be known for years. Therefore, this article can serve only as the first of many chapters of this saga.

Although the spill has impacted the entire state, and although it has affected areas other than Prince William Sound (the Gulf of Alaska, Cook Inlet, and the Alaska Peninsula), the geographic focus of the article is limited to Prince William Sound.

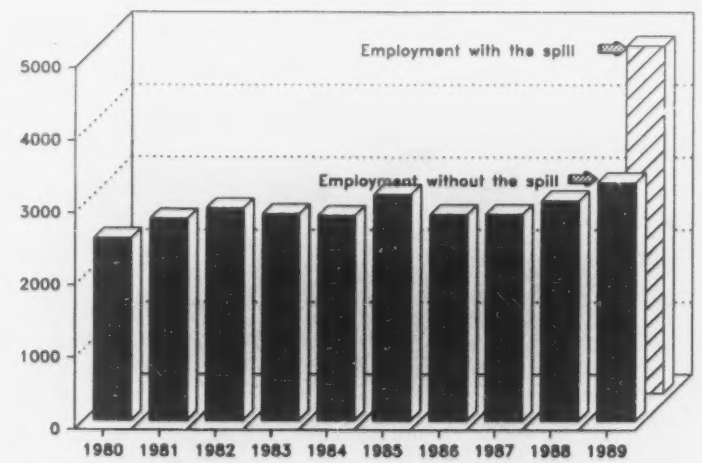
Future Will Be Assessed By Biologists, Economists, Accountants

This discussion doesn't represent a cost/benefit analysis of the spill because the facts are not in yet. The true tally of costs and benefits is broad and long term. The total accounting covers more than just employment. The ledger won't be complete for many years. Eventually, though, teams of economists and biologists will itemize the costs and benefits with an accountant's precision. These costs and benefits will include the tangible (such as the loss of fisheries and the spill

See map of Prince William Sound on page 28.

Figure 1

Prince William Sound Employment – 1980-1989



Source: Alaska Department of Labor, Research & Analysis Section

cleanup wages), the semi-tangible (such as dead birds and otters), and the intangible.

The tangible costs and benefits are, of course, the easiest to price. The semi-tangible can be priced in a variety of ways — the value of a bird as food, or the value of that same bird as wildlife. The intangible costs are harder to assess. For example, what is the value to a New Yorker of having a pristine wilderness available in Alaska even if that person has never visited it? What is the value of the loss of spirit to the Sound's residents? These intangibles do have a cost. Eventually, as daunting a task as it will be, all costs will be measured.

The Sound's Economies Were Shaping Up Nicely in 1989

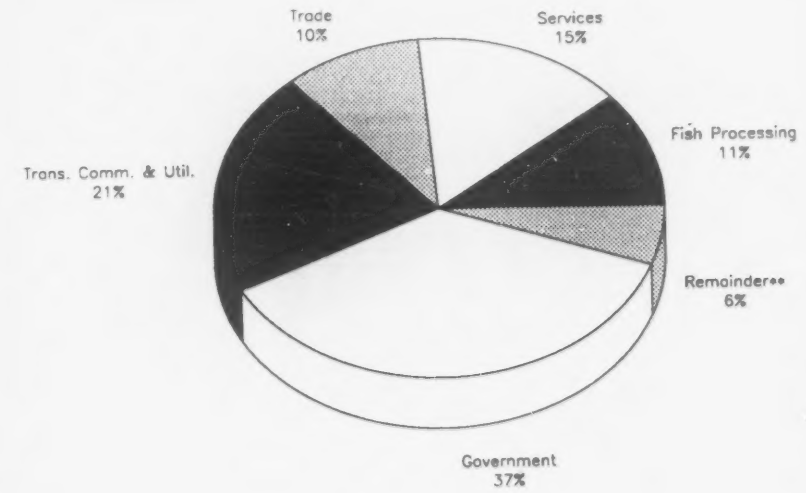
The forecast for Prince William Sound's economy for 1989 was good. Fishermen and processors anticipated record salmon harvests and strong prices. The 1988 catch was valued at $86 million, and 1989 was going to be even better.

The tour and charter operators anticipated a big season. A record number of cruise ships were going to be plying the Sound's waters this 1989 season. In 1988, 208,000 visitor days and 80,000 angler days were spent on the Sound. These numbers were expected to rise in 1989.

The Sound has also served as a summer playground for state railbelt residents (those who live in the Anchorage and Fairbanks areas). More than half of the state's population lives within 50 miles of the Sound. A recent survey conducted by the Alaska Department of Natural Resources found that 71% of the railbelt's population has visited either Cordova, Whittier or Valdez. As the Kenai Peninsula has become increasingly crowded, many visitors have turned to the Sound as the only nearby alternative for recreation.

Figure 2

Valdez Employment By Industry – 1988*



*Based on first three quarters.
**Remainder includes Finance, Insurance & Real Estate, Construction, Manufacturing other than fish processing

Source: Alaska Department of Labor, Research & Analysis Section

Prince William Sound: Home To Five Communities, Many Economies

Prince William Sound doesn't have an integrated regional economy. Instead, it incorporates the two medium-sized economies of Valdez and Cordova, and the three small communities of Tatitlek, Chenega Bay and Whittier. Valdez is the only community in the Sound connected to the road system. The other communities, except Whittier, are accessible only by water or air. (Whittier is also accessible by rail.) The one important resource they all share is Prince William Sound.

Valdez's economy can be characterized as the most diversified of the Sound. It relies on government, transportation of oil, tourism, and fishing. Cordova, on the other hand, is as close as one can get to a 'mono' economy in Alaska. It's entirely dependent on the commercial fishery. Whittier is a transportation link and gateway to the Sound for Southcentral Alaskans. The economies of Tatitlek and Chenega Bay don't resemble those of the other three communities. Tatitlek and Chenega Bay almost totally rely on subsistence, with some cash earned from commercial fishing.

Spill's Impact on Each of the Five Local Economies Differs

The immediate and long term economic effects of the spill will be distinctly different for each of the five communities. As the logistics center for the oil spill cleanup, Valdez is feeling a dramatic rise in economic activity. With its population and work force doubling overnight, Valdez is Alaska's latest boom town.

Cordova, on the other hand, is described by some residents as deserted. Many local fishermen are out at sea trying to preserve their livelihoods by helping in the spill cleanup.

Because of the diversity of Valdez's economy, the long term consequences

of the spill are less likely to be as severe on its economy than on the other four Sound towns. The economic singularity of the other communities makes them far more vulnerable to this environmental shock.

Sound's 1989 Oil Spill Payroll Could Top $100 Million

Although it's difficult to pin down the present size of the Prince William Sound oil spill work force (let alone the future size of the work force), some estimates and conservative projections have been made. (See Figure 1, page 1.) It is assumed that the oil spill work force will stand at approximately 3,000 for five months. (This figure excludes government workers and fishermen leasing their boats.) Without the oil spill work force, the Sound's 1989 annual average would have amounted to roughly 3,300. With the addition of the oil spill workers, the Sound's 1898 annual average wage and salary employment may sum to 4,600. (Not taken into account in this figure are any employment changes in the fisheries and tourism industries. Also not taken into account are the secondary impacts of the oil spill work force.)

The 1989 payroll of the oil spill workers could exceed $100 million, a payroll which is greater than that earned by the Sound's entire pre-spill work force. Above average hourly wages and long hours push these payroll figures skyward. Since a substantial part of this work force comes from elsewhere in the state and the country, much of this additional economic activity will leak straight out of the area economy.

Valdez: A Profile

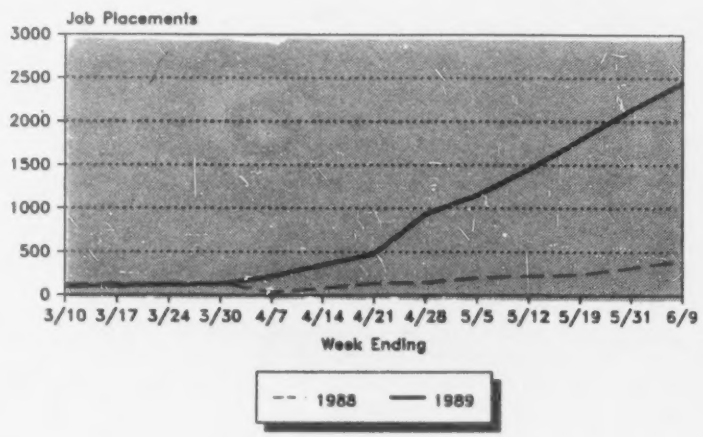
Unlike most of Alaska's coastal communities, fishing hasn't played a major role in Valdez's economic history. Founded in 1899, Valdez was a jumping off point for miners heading north in search of gold. The devastation of the 1964 earthquake brought on a flurry of activity as the entire town relocated to its present site. Then, two state agencies located there — an institution for persons with developmental disabilities, and a regional highway office. As a result, the Valdez economy became almost completely dependent on state government. The city's economic complexion changed little until the mid-1970s when construction began on the Trans-Alaska Pipeline System (TAPS).

Deja Vu for Valdez

The situation in which Valdez finds itself today is in some ways comparable to the community's TAPS experience. In the mid-1970s, Valdez was host to one of the largest Trans-Alaska Pipeline construction camps. Housed in Valdez were two work forces: one for the construction of a section of the pipeline, and another for the construction of the oil terminal. In 1974, the city's entire population amounted to 1,350. One year later, twice that many men and women were living at the terminal construction camp alone; the community's total population swelled to 6,512 that year.

Figure 3

Valdez Employment Center Job Activity - 1988-1989



Source: Alaska Department of Labor, Research & Analysis Section

Employment had more than tripled. Per capita income had more than doubled.

With the completion of the pipeline and oil terminal in 1977, employment fell by more than 50% in Valdez. But the oil industry left the city with a much larger tax base. Today, Valdez's per capita tax base is nearly 5 1/2 times the statewide average ($395,315 vs. $73,354).

These added revenues have enabled the City of Valdez to provide additional services, to build needed infrastructure, and to embark on ambitious economic diversification efforts. Of the three undertakings, what has stood out most has been the effort to diversify the economy. The city financed the construction of terminals to transship grains from the Interior. The city also had built a civic center to attract more visitors. Further, the city had built a $48 million cargo and container port facility to transform Valdez into the Interior's major port of entry. Funding for these projects came from local resources. Much of this ambitious development began as the rest of the state's economy languished in a post-pipeline construction slump.

By 1980, the statewide economy came out of its slump and moved into high gear for the next five years. State petro dollars were being spent in increasing amounts. Valdez was largely bypassed by this boom. During this era, statewide employment grew 33%, whereas Valdez employment grew by a mere 5%. (See Table 2, page 5.) Valdez didn't share in the state's boom mainly because it had already built its necessary infrastructure and was providing the services it believed it needed. But smaller, more subtle things were happening in the Valdez economy.

Valdez Diversification Efforts Have Seen Success

Tourism expanded on all fronts. A growing number of visitors arrived in Valdez by air, water and road. They usually came to Valdez to access Prince William Sound. By 1985, visitors were spending $10.1 million a year in Valdez. It was the seventh most popular visitor destination in the state that year. Hotels were full during summer months. The state's summer ferry was usually booked to capacity. Charter operators expanded their hunting and fishing trips, as well as their glacier viewing trips.

Cruise ships arriving in 1987 provided a considerable economic boost. That year 15,000 visitors disembarked from these ships; each of these visitors spent an average of $50 per day. In 1988, more than 100,000 visitors set foot in

Table 1

Prince William Sound Wage & Salary Employment – 1980-1988*

	1980	1981	1982	1983	1984	1985	1986	1987	9 mo. Avg. 1987	9 mo. Avg. 1988
Nonag. Wage & Salary	2,849	3,100	3,233	3,143	3,053	3,138	2,855	2,860	2,946	3,243
Mining	**	**	**	**	**	**	**	**	**	**
Construction	243	218	211	144	189	148	84	52	55	56
Manufacturing	298	392	349	381	347	524	455	457	541	666
Trans., Comm. & Utilities	568	673	765	722	645	499	448	463	465	494
Trade	**	291	372	368	348	362	309	331	333	373
Wholesale	**	17	40	40	38	47	42	45	49	44
Retail	238	275	332	328	310	316	268	286	284	328
Finance, Ins. & Real Estate	70	53	47	44	46	45	44	44	45	40
Services	390	332	405	377	385	396	395	402	411	452
Government	962	989	1,034	1,058	1,054	1,123	1,072	1,049	1,032	1,064
Federal	61	67	66	55	54	46	44	47	47	54
State	432	419	436	427	455	506	493	469	466	476
Local	470	503	533	577	545	572	535	533	518	535
Miscellaneous	**	**	**	**	**	**	**	**	**	**

* Only the first three quarters of 1988 data are available
** Nondisclosable

Source: Alaska Department of Labor, Research & Analysis Section

the community, according to estimates provided by the Valdez Convention and Visitor Bureau. From all indications, the numbers would only grow.

Fisheries A Small, But Growing Portion of Valdez Economy

While tourism has grown, the fishery in Valdez is considerably smaller than elsewhere in Prince William Sound. Fish harvesting represents a tiny portion of the Valdez economy. (See Figure 2, page 2.) Only 57 out of 485 Prince William Sound residents who held permits and fished in 1986 lived in Valdez. (See Table 4, page 8.)

Fish processing is also a small Valdez industry, but it's growing. In 1980, there were fewer than 10 annual jobs in Valdez's fish processing industry. By 1981, however, three processors were operating shore-based plants. By 1985 annual employment grew to 164. And in 1988, seafood processing employment rose again.

1989 Economy Was Looking Good for Valdez

The growth of tourism and the fisheries helped cushion Valdez employment during the statewide recession of 1986-88. In addition, recent statistics have indicated an economy that has been swinging upwards. Employment in fishing, and in the trade and services industries (the latter two being major beneficiaries of tourism) rose in 1988. Valdez's 1988 economy provided a firm underpinning for the economy of 1989.

Table 2

Valdez Wage & Salary Employment – 1980-1988*

	1980	1981	1982	1983	1984	1985	1986	1987	9 mo. Avg. 1987	9 mo. Avg. 1988
Nonag. Wage & Salary	1,746	1,848	1,884	1,822	1,906	1,850	1,696	1,712	1,759	1,831
Mining	**	**	**	**	**	**	**	**	**	**
Construction	226	196	181	116	153	112	59	39	43	36
Manufacturing	**	**	70	85	155	171	186	200	247	231
Trans. Comm. & Utilities	449	488	504	481	456	416	373	374	375	393
Trade	105	135	146	157	161	155	121	144	143	183
Finance, Ins. & Real Estate	**	**	**	**	**	**	**	**	**	**
Services & Miscellaneous	242	207	257	218	233	251	253	264	271	303
Government	680	698	704	745	730	725	686	674	663	670
Federal	18	17	20	15	17	15	14	16	16	17
State	404	404	392	403	413	399	386	371	371	376
Local	259	277	292	327	300	311	286	288	276	276

* Only the first three quarters of 1988 data are available
** Nondisclosable

Source: Alaska Department of Labor, Research & Analysis Section

The Spill Caused Valdez Employment To Double In One Month

But a steady upswing was not to be in Valdez. Instead of 1989 employment growing 5% or 10%, it doubled in one short month. Before the spill Valdez's wage and salary work force stood at about 1,700. By the second week of the spill there were more than that many in Valdez working on the spill alone. Within two weeks of the spill, City of Valdez estimates placed the city's population at about 6,600, double its pre-spill population. Although the numbers will probably not grow as great as they had during the construction of TAPs, they have climbed more rapidly. All the ingredients of a classic Alaska boom have been set into place.

Money Talks; Thousands of Eager Cleanup Workers Arrive

Although Valdez's work force almost doubled in two weeks, there was no shortage of people to fill the oil spill jobs. In March, there were 22,000 unemployed Alaskans, and there were probably many more marginally employed and low paid in that same month. The promise of high wages for unskilled work turned Valdez into the employment mecca of the state and, to a lesser extent, the nation. The news media provided the largest help wanted sign Alaska had ever secured.

It's no wonder the response was so great, what with base wages set at $16.69 for 7-day, 12-hour shifts. (That could add up to a weekly paycheck of $1,800. The average Alaskan's monthly wage in 1987 was $2,308.) With the state just coming off a three-year recession, there have been plenty of potential oil spill workers eager to go to work.

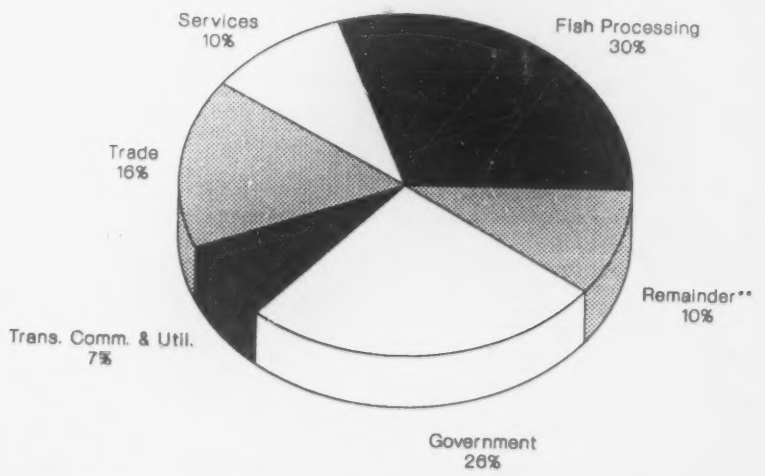
During the first 10 weeks of the spill, the Valdez Job Service dispatched 2,447 workers. That's more than a 500% increase in placements over the same period in 1988. (See Figure 3, page 3.) This makes it the busiest Job Service office in the state. During the first six weeks, the two primary cleanup contractors, VECO and Norcon, hired a total of 1,517 clean up workers in Valdez. [1/] [2/] The Coast Guard contingent rose from 46 in pre-spill Valdez to 150. Alaska Department of Environmental Conservation staff levels grew from 1-3 to 50.

The Number of Valdez Jobless May Rise

One irony of the creation of this instant work force is that Valdez's

Figure 4

Cordova Employment By Industry – 1988*



*Based on first three quarters.
**Remainder includes Finance, Insurance & Real Estate and Construction

Source: Alaska Department of Labor, Research & Analysis Section

1/ Some of the Veco workers were dispatched out of the Job Service Office.

2/ The Veco and Norcon hires exclude Exxon employees, other contract personnel, skippers and first mates of leased fishing boats, and federal, state and local government employees.

unemployment rate may rise. This development can be attributed to the large number of job searchers who swarmed into Valdez. Despite the fact that the number of mobilized oil spill workers is greater than the entire pre-spill Valdez work force, more than 1,200 hopeful job searchers remain on the Alaska Job Service spill cleanup list. The number of spill cleanup job searchers simply grew faster than the number of jobs. That usually translates into a higher unemployment rate. Further, because the surge happened so quickly, the statistics may never catch up with this incredible overnight transformation in the local labor market.

Valdez Employers Finding It Difficult To Hire and Keep Workers

It's also ironic that many Valdez employers have found it difficult to fill jobs, even though most of the spill cleanup job searchers are without work. Local businesses' demand for workers has grown because the spill has generated more business. Some businesses have lost employees to the cleanup. Many businesses have not only lost employees to the cleanup, but cannot fill vacant positions. Many job searchers are reluctant to accept these comparatively low paying jobs because they want to remain available for an opening in the spill cleanup operation. Most didn't travel to Valdez to find a low paying job. Those jobs they could have found at home.

A survey conducted for this article one month after the spill found that more than half of Prince William Sound employers believe they will experience worker shortages during the spill. While the Valdez Job Service has filled many local job openings, turnover remains extremely high. Soon after employees accept a job from a Valdez business, they quit after having been offered a higher paying spill cleanup job.

Local businesses' shortage of help has become critical enough that Exxon began providing 'recruitment assistance' in mid-June for some Valdez employers. Exxon is recruiting in Anchorage and Fairbanks via state Job Service offices for specific, unfilled job openings that are occurring in Valdez. Exxon is also providing daily bus service to Valdez from these two cities. Further, they are providing housing for those willing to work in these nondirect spill jobs.

Valdez Businesses Speak: Jobs Available, But Few Workers

A telephone survey conducted in Cordova and Valdez April 20 and 21 asked two principal questions of 33% of all firms employing more than one person: 1) Have you hired any additional workers because of spill related activity?, and 2) Has the spill had a noticeable effect (other than employment) on your business? Other broader questions on long term impacts were also asked. (It's important to remember that because the situation there is so fluid, the survey provides only a snapshot in time.) Here are the responses:

Table 3

Cordova Wage & Salary Employment – 1980-1988*

	1980	1981	1982	1983	1984	1985	1986	1987	9 mo. Avg. 1987	9 mo. Avg. 1988
Total	808	952	1,001	1,031	877	1,024	902	918	945	1,142
Construction	**	**	**	**	**	**	**	**	**	**
Manufacturing	175	219	178	216	113	262	181	197	224	344
Transportation	37	61	88	93	89	78	70	79	76	85
Trade	140	143	207	194	173	194	174	181	183	183
Finance, Ins. & Real Estate	25	26	24	23	23	25	25	26	26	25
Services	111	104	122	124	113	102	103	96	100	116
Miscellaneous	**	**	**	**	**	**	**	**	**	**
Government	282	308	316	319	305	300	291	282	277	298
Federal	35	42	37	34	32	30	30	31	31	37
State	81	87	87	88	92	96	96	89	86	90
Local	167	179	192	197	181	174	166	162	160	170

* Only the first three quarters of 1988 data are available
** Nondisclosable

Source: Alaska Department of Labor, Research & Analysis Section

Twenty-four of Valdez's 74 private sector firms were surveyed. Of these, only 21% had hired additional workers. However, 88% of the firms felt the spill had affected their business. Some of these firms didn't hire additional workers because they couldn't find any. Other firms simply increased the hours their current employees worked. There were a few firms which actually experienced a decline in business. These losses were nearly all a result of a herring fishery cancelled in April.

More than half of the business operators surveyed in Valdez said that they worry about finding enough workers in the near future. Although a majority of the firms have experienced a rise in business, more operators predicted that the long term effects on their business would be negative rather than positive (33% vs. 21%). The largest number (38%) predicted there would be no long term effect. Although most business operators answered this question, the majority were ultimately uncertain about the future.

Valdez Fish Processors Concerned About Possible Lack of Workers

A number of Prince William Sound employers are extremely worried that a shortage of workers will haunt them this summer. Most concerned are the fish processors who rely on a large seasonal work force for the frenzied salmon season. For the sake of comparison, it was tenuous at best during last season's fish harvest — when there was no cleanup to compete with — for processors to find an adequate labor force. This year's harvest is expected to be much larger.

Although the Valdez fish processing industry accounts for about 200 jobs annually, as many as 1,300 different individuals may fill these jobs because of high turnover. For some processors this season looks almost hopeless, perhaps devastating, if they cannot hire enough workers. Much will depend upon three factors: Whether enough college students and seasonal migrants will show up for work, how many of the unsuccessful candidates for spill cleanup work will take processing jobs, and the amount of the actual harvest.

Housing Crunch Seen If Tourists Do Arrive

Significant displacement could also occur for the tourism industry. Growing reports of cancellations and slower-than-usual bookings may be the least of this industry's problems in 1989. If visitors do arrive in significant numbers there is concern about where they will stay. Some operators of Prince William Sound hotels and recreational vehicle parks say they will ask those oil spill workers who are presently staying in their facilities to leave when tourists begin to arrive. Meanwhile, Valdez city officials are expanding campgrounds.

It has taken Valdez community leaders a long time to develop a thriving visitor industry. It's possible that nearly all the gains could be undone in one season. Reputation and word of mouth are the most powerful forces in this industry. Although immediate concerns relate to this year's visitors, the real worry is not linked to this season, but how the spill might affect future seasons.

The Rosy Picture for Valdez:

So what does all this add up to for Valdez? There is little doubt that Valdez will experience a net gain in economic activity in 1989. Total wages, profits and income will skyrocket. This gain will be partly offset by the increased costs linked to crime and congestion. The 1990 picture is hazy. Because spill cleanup activity may run over into 1990, there is a good chance that it too will go down as another year with a net gain over pre-oil spill economic activity. However, higher unemployment is almost inevitable since a large share of the oil spill work force will be laid off in late 1989 and may not be rehired in 1990. Many laid off workers will leave Valdez. But those who remain may be counted on the unemployed side of the labor force equation.

Table 4

Number of Commercial Fishers Claiming Residence in Prince William Sound

	1980	1981	1982	1983	1984	1985	1986
Cordova	418	430	430	465	406	410	399
Valdez	53	61	58	55	55	60	57
Chenega Bay	0	0	0	0	1	2	2
Tatitlek	9	8	9	8	10	9	8
Whittier	5	11	12	18	16	8	13
TOTAL	485	510	509	546	488	489	479

Source: Alaska Commercial Fisheries Entry Commission

In the long run it is conceivable that Valdez may experience a net gain in employment if it becomes home to a large research facility and oil spill response team. Both the Alaska Departments of Fish & Game and Environmental Conservation are creating semipermanent divisions to monitor and study the spill's long term effects. Meanwhile, if the tourism industry and the fisheries recover, Valdez's economy may continue to move forward. This is, of course, the rosiest picture possible.

The Not So Rosy Picture:

On the other hand, Valdez has plenty to lose. Valdez could lose the forward momentum that it has developed in its tourism and commercial fishing industries. It has been a long, painstaking undertaking for community leaders to cultivate these industries. Diversifying a community's economy is always a long term undertaking. The spill may have undone all this work overnight.

Cordova, Greatly Reliant on Fishing, Has More To Lose

Unlike Valdez, Cordova hasn't been inundated by people since Good Friday 1989. If anything, this town of 2,000 has lost population. The few who came to Cordova to deal with the spill haven't replaced the many who left earlier for nearby spill related work — cleanup and protection of fragile streams and coves. Protection from oil contamination is a major priority because Cordova's economy is unlike Valdez's relatively diversified economy. Instead, Cordova's economy consists solely of fishing. Town residents' 1987 estimated gross earnings from fish caught in Prince William Sound alone was over $38 million.

Since the spill, many residents have expressed concern about Cordova being a ghost town if it lacks a healthy fishery. These same sentiments were expressed in the early 1970s by Cordova residents who went so far as to file a lawsuit in a failed attempt to stop the pipeline terminal from being located at Valdez. Today, their worst fears have come true.

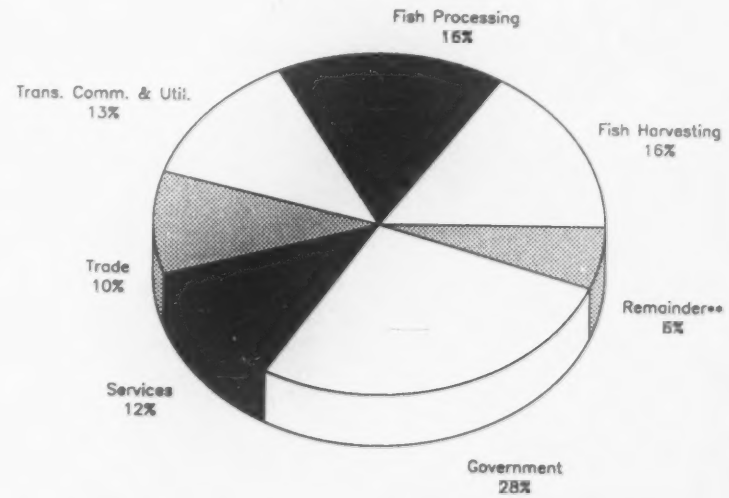
Cordova was founded early this century by people hoping to harvest and ship the area's coal and oil resources. The coastal community thrived through the 1930s from the copper that came by rail from the Kennecott mines. There has been some fishing activity since Cordova's first beginnings, but not to the same extent of present day activity. It wasn't until the copper mines shut down in 1938 that both the fish harvesting and fish processing industries began to dominate Cordova's economy. Today, fishing is what Cordova is about.

Fisheries Dominate Cordova's Economy

Why does fishing dominate Cordova? Each year the nearby Copper River hosts a huge run of red salmon and a

Figure 5

Prince William Sound Employment By Industry – 1988*



*Based on first three quarters; fish harvesting employment is 1983 estimate.
**Remainder includes Finance, Insurance & Real Estate and Construction and Manufacturing other than fish processing.

Source: Alaska Department of Labor, Research & Analysis Section

smaller run of silvers. The nearby Bering River also carries a sizeable salmon run. Cordova's proximity to these two rivers makes the town a logical choice for canneries. In the 1940s, Cordova's two canneries processed dungeness crab, razor clams, and salmon. But in recent times, salmon canning has been the mainstay of the local processing industry.

Since the 1964 earthquake, Cordova has been expanding its fish harvesting and processing facilities. Two large processors now operate in a new industrial park. A large scale tanner crab processing operation now operates from a site developed in the 1970s. And an enlarged fishing fleet is now docked in a harbor whose size was doubled in 1983.

Expansion of Cordova facilities has occurred gradually. In contrast to Valdez, Cordova hasn't experienced boom periods. Cordova's population and employment have remained steady, with jobs during the 1980s hovering close to 1,000 each year. (See Table 3, page 7.) Any economic change for Cordova has shadowed changes in the fisheries.

Today, Cordova's five canneries process bottomfish, halibut, shellfish, and salmon. With the processing of all these species, fishery employment has become much less seasonal. Processing employment still peaks during summer months, though. In 1988, seafood processing jobs accounted for almost one-third of all wage and salary employment in Cordova. (See Figure 4, page 6.) During each year's third quarter (July, August, September), this share climbs to nearly one-half of all jobs.

According to the Alaska Commercial Fisheries Entry Commission, 400 Cordova residents fished in 1986 (though not necessarily in Prince William Sound). (See Table 4, page 8.) This means that 20% of all Cordova residents participated in the fish harvest that year. If annualized fish harvest jobs were added to the Alaska

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3/ Alaska Department of Labor employment figures exclude fish harvesters.

Table 5

Catch & Value* of Prince William Sound Commercial Fisheries

(Value in thousands of dollars)

	1985		1986		1987		1988**	
Fishery	**Catch**	**Value**	**Catch**	**Value**	**Catch**	**Value**	**Catch**	**Value**
Herring (in metric tons)	8,283	$5,800	11,318	$8,400	7,407	$6,200	11,923	$12,250
Crab (in thousand lbs.)	1,059	1,300	1,691	1,980	1,533	2,270	1,125	1,770
Shrimp (in thousand lbs.)	680	920	489	880	321	720	278	680
Salmon (in thousand fish)	28,945	48,467	14,848	29,400	33,104	67,500	14,855	70,640
Halibut (in thousand lbs.)	324	260	446	600	448	660	423	480
Sablefish (in metric tons)	174	n/a	86	213	93	180	92	190
Prince William Sound Total Value		$56,747		$41,473		$77,530		$86,010

* Estimated ex-vessel value (excludes post-season adjustments)
** Preliminary estimates

Sources: Alaska Department of Fish & Game and International Pacific Halibut Commission

Department of Labor's total wage and salary employment for Cordova,[3]/ the town's fishery (those in harvesting and processing jobs) would account for one-third of total employment in the Prince William Sound area. (See Figure 5, page 9.)

Is fishing the whole story in Cordova? Almost. The trade and services sectors both rely heavily on the fishery.

Sixteen companies in the trade and services sectors were recently surveyed for this article. Without exception, operators of all 16 firms said their businesses rely heavily on the health of the local fishery. Some even opined that there would be no town of Cordova without fishing.

Tourism A Small Player in Cordova

Tourism is a very small player in Cordova's economic scene. Without road access, Cordova doesn't experience a large influx of highway travelers like Valdez. The sole highway is the Alaska Marine Highway. State-run ferry traffic has remained fairly steady through the 1980s. Unlike Valdez, no cruise ships stop in Cordova. Most visitors are independent travelers who are in the area to hunt or fish.

Government Offers 1 in 4 Cordova Jobs

Government jobs are the only other significant source of Cordova employment, accounting for one of every four Cordova jobs. The federal presence includes the Coast Guard, U.S. Forest Service, and the Federal Aviation Administration. The state maintains a local fish & game office and a university-sponsored marine advisory program.

Local government jobs account for about half of all government sector jobs in the town. City revenues funding these jobs come from various sources. But it's estimated that one-third to one-half of all city revenues come directly from the fishery. A local sales tax has remained surprisingly steady in the 1980s, bringing in just over $1 million per year.

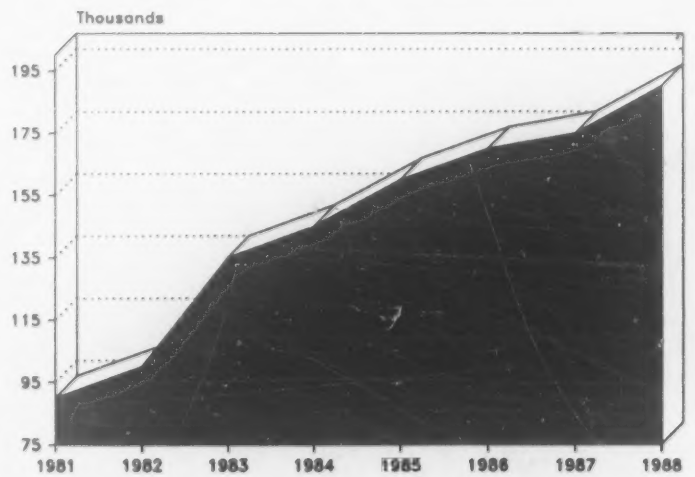
Although mining spurred Cordova's early growth, presently there are no jobs in this sector. There is talk of production at the Katalla oilfields and the Bering River coalfields. But if one of these projects were to develop, its biggest impact on Cordova would be in lower fuel costs for electricity generation, not in additional employment.

Cordova Businesses Don't Foresee Any Long Term Positive Impact

As mentioned before, the employment survey conducted for this article found business booming in Valdez and lagging in Cordova. No one surveyed in Cordova foresaw any long term positive impact

Figure 6

Alaska Railroad Passenger Traffic Portage/Whittier – 1988



Source: Alaska Railroad Corporation

on their business. Of the 23 firms contacted in Cordova, only one, a publishing shop, had experienced increased business.

Lower Paying Jobs Go Begging

Yet even without much business traffic, Cordova's Main Street is lined with help wanted signs. By early May, about 275 residents signed on with the cleanup contractors. One hundred more are on the waiting list. As in Valdez, many of the jobless are reluctant to take a lower paying job while a potential higher paying one might await them. This inflationary pressure may force upwards local wages. It's possible that employers may be left with a more permanent increase in the cost of doing business because wages don't usually fall as rapidly as they rise.

Besides the question of wages, the biggest worry once again is availability of workers, no matter the price. One large seafood processor seems assured of an adequate supply of workers. But others are concerned that there won't be enough people to process this summer's catch.

Availability of Tenders for the '89 Harvest a Worry

There is also concern over the availability of tenders which transport the fish to shore. Owners of tenders may choose to retain lucrative contracts in the spill cleanup operation. To date, the cleanup contractors have leased over 100 Cordova-based fishing boats, along with their skippers and first mates. They, too, may opt this summer for the steady income of a cleanup contract.

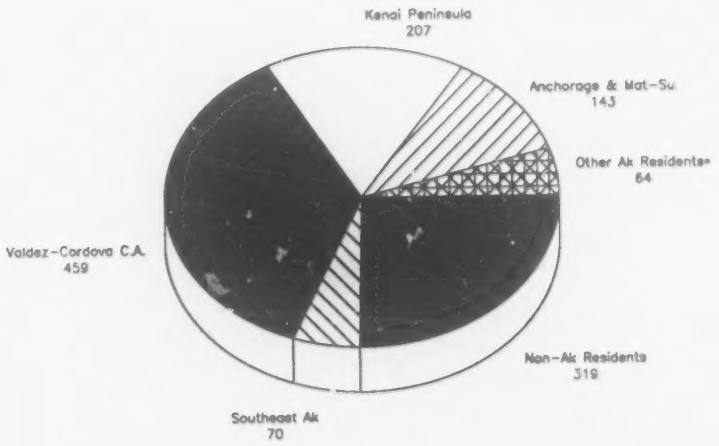
Local fishermen may recoup some lost fishing income — or even enhance their income — by leasing their boats for spill cleanup activities. But local businesses which rely on selling fishing gear, bait and supplies have already lost much of their revenue this spring. Fishers have cancelled orders for new equipment. Restaurants and hotels aren't seeing the usual crowds of fishers returning from the harvest with money to spend. Today, Cordova businesses are just holding on to see if any other fisheries are closed this season. The general lack of confidence in the Cordova economy is countered by hope that the season may remain open.

Possibly the only growth industry in Cordova's near future may be in marine research. A new division of the Alaska Department of Fish & Game is already functioning in Cordova to assess the oil spill impact. Its staff, composed of 24 state and 4 federal workers, will remain in Cordova for several months before relocating to Anchorage to complete the assessment.

Valdez and Cordova are the two largest communities in the Sound. They have both felt the impact of the spill, albeit in different ways.

Figure 7

Commercial Fish Harvesters in Prince William Sound — By Residency, 1987 Season



*Other Alaska Residents include those living in Kodiak, Fairbanks/Interior, Southeast, Bristol Bay and the Aleutians.

Source: Alaska Department of Labor, Research & Analysis Section

Whittier Will Be Least Affected by the Spill

Government and transportation are the sources of most jobs in Whittier. A small port town on Prince William Sound, it is connected by railroad to the Seward Highway and Anchorage. During the 1980s, the number of people traveling to and from Whittier by rail rose greatly. (See Figure 6, page 11.) Tens of thousands of people pass through Whittier yearly, but few stay. The town serves as a gateway to tourism and recreation in the Sound, but it is rarely a destination. Of the Sound's five settlements, Whittier will be least affected by the oil spill.

Tatitlek & Chenega Bay: Fear for the Future of a Native Lifestyle

The Tatitlek and Chenega Bay fisheries may suffer a smaller impact than the two larger communities, but the impact will be no less important. Residents of these two sparsely populated native villages rely on subsistence for their way of life. They depend on fish, marine mammals, and land animals for their main sources of food.

The only cash jobs in these villages have been derived from commercial fishing. There is now doubt about the future of the subsistence and commercial fisheries. The cleanup contractors have hired all available villages residents for work on the spill. For now, these two towns currently enjoy a fully employed labor force. Any resident wanting to work for cash is doing just that. But if the spill ruins their subsistence livelihood, these cleanup paychecks may be their only harvest in the near future. Today's zero unemployment rate won't last long. Eventually, the residents of these villages will return to their reliance on subsistence.

Sound's Salmon Catch Makes Up 10-to-20% of State's Total

Of course, residents of the Sound's five communities are not the only harvesters of its abundant fisheries. (See Figure 7, page 12.) In order to gauge what could potentially be lost because of the spill, it's necessary to see what the fisheries looked like before Good Friday.

Table 5 (on page 10) presents the total recent years' catch and value of the Prince William Sound fisheries (as estimated by the Alaska Department of Fish & Game [ADF&G]). The Prince William Sound region (ADF&G's Area E) covers the Sound itself, and areas adjacent to the Bering and Copper Rivers, commonly referred to as 'The Flats'. Table 5 estimates fish value received by fishers (not the wholesale value), and excludes any postseason adjustments often made by processors.

Salmon clearly dominate the Sound's fisheries, accounting for anywhere from less than 10% to nearly 20% of the state's total salmon catch. (See Table 6 on page 14.) The Copper River's early run of red salmon is famous for commanding premium prices. But the pinks are the Sound's most important run in terms of poundage and total value. The 1987 run was unusually large; almost 30 million pinks were harvested. This year, the fry from that record run are returning as adults. An all-time record number of pinks are forecast to be harvested this year, along with a strong return of hatchery-raised pink salmon.

The Sound's five hatcheries' harvests are also included in Table 6. Although aquaculture remains a controversial subject, few deny that the Sound's hatcheries are making a difference in the number of fish made available for harvest. For example, hatchery pinks accounted in 1988 for over 90% of the total pink salmon harvest (since the predicted return of wild stocks never materialized). A record financial harvest occurred in 1988 despite dismal wild stock returns (because prices rose to three times the prior year's level).

Table 6

Catch & Value of Prince William Sound Commercial Salmon Harvest*

(Number of fish, and value in thousands)

	Chinook (king)	Sockeye (red)	Coho (silver)	Pink (humpy)	Chum (dog)	PWS Total	State Total	PWS as % of State Total
1985 Catch	44	1,450	1,025	25,129	1,297	28,945	146,845	19.71
Value						$48,467	$389,637	12.44
1986 Catch	42	1,289	426	11,391	1,700	14,848	127,864	11.61
Value						$29,400	$413,648	7.11
1987 Catch	42	1,738	175	29,230	1,919	33,104	96,432	34.33
Value						$67,500	$478,028	14.12
1988 Catch	32	768	478	11,736	1,841	14,855	99,371	14.95
Value	$2,540	$13,730	$9,190	$33,240	$11,940	$70,640	$741,500	9.53
1989 Catch (forecast)	42	1,314.00	440	46,000.00	1,149.0	48,945	126,964	38.55

* Includes Bering & Copper rivers, Coghill, Unakwik & Eshamy districts, hatcheries and general purse seine.

Estimated ex-vessel value (excludes post-season adjustments).

Source: Alaska Department of Fish & Game

1988 Herring Fishery: $12 Million; 1989 Herring Fishery: $?

Another 1988 Prince William Sound seafood harvest includes over $12 million in herring and herring roe. This fishery has come a long way since 1951 when a study referred to herring roe as a waste product.

However, this spring's four herring fisheries were closed due to the spill, and next fall's herring opening for bait is questionable. Likewise, the sablefish and pot shrimp fisheries were closed due to the spill.

Crab fisheries include tanner, king and dungeness. Depressed stocks kept this January's tanner crab fishery from opening. As elsewhere in Alaska during the 1980s, Prince William Sound crab stocks have been much lower than those of the prior decade. As is made evident in Table 5 (on page 10), though, these herring, sablefish, shrimp and crab fisheries have played a minor role in the Sound's overall fishing scene.

Two State Agencies Will Ensure No Oiled Fish Will Go To Market

Closure of the shellfish, groundfish and herring fisheries will certainly mean lost income to many people. The biggest economic loss in the fisheries, though, would be felt if any future salmon seasons aren't opened.

There are two separate issues at stake here. The first is whether the salmon,

adults and fry, will avoid oil contamination. The second is whether consumers will perceive Alaska salmon as being tainted. The first issue was partly answered May 15 when the Copper River Flats area opened to commercial salmon fishing. That day's catch was more than twice that of last year's opening day, despite fewer harvesting boats, tenders and crews. Further, the salmon, according to ADF&G and Department of Environmental Conservation (DEC) officials, were not contaminated by oil. ADF&G and DEC, which have formed a joint 'Interagency Prince William Sound Seafood Quality Assessment Group', is continuing to ensure that no oiled salmon are processed.

The second issue, i.e., the issue surrounding consumers' perception, is no less serious than the first. While a can of Alaska salmon with an oily taste doesn't present the same danger that a can of Alaska salmon with botulism did in 1982, the effect on prices could be similar. The average 1982 price paid for Prince William Sound pink salmon dropped to half of the 1981 level. The catch fluctuated during the next few years, but the price didn't. Pinks caught in 1987 still went for less than they did in 1981. Major efforts are underway now to prevent this same scenario from occurring again.

No Salmon Fishery Will Open If Oil Is Nearby

In the Sound itself, no fishery will be opened in any area where there is oil on the water. Further, no fishery located adjacent to beaches contaminated by oil will be opened. These closures could mean that up to 50% of the Sound's water area will be closed to salmon harvesting this season. Most of the wild stocks, though, are expected to return to nonoiled waters. Operators of hatcheries in the Sound are 'guardedly optimistic' about this year's harvest. So this season's catch may be salvaged.

So far, one small setnet fishery in the Sound has been cancelled. The fate of other salmon fisheries, as of the printing of this article, is unknown.

And if there are salmon openings in the Sound will workers be there to harvest them? Four scenarios exist for fishers. Some may opt to dock their boats for the season. Some may choose not to fish, but lease their boat for spill cleanup work. Others may fish elsewhere. And some may choose to fish Prince William Sound assuming there will be openings. Those salmon fishers who hold a permit for Area E can only fish that area. But any fisher holding more than one permit may opt to fish another area instead of Prince William Sound. Those who hold statewide permits for the harvest of other species may choose to fish elsewhere.

The Fisheries Beyond 1989: An Unanswerable Question For Now

Questions regarding the health and availability of future salmon stocks won't be answered for several years. Many of the pink and chum salmon spawn intertidally. Eggs deposited on oiled beaches this season may not survive. This will affect the pink salmon harvest two years from now, as well as the harvest of other species in later years. Fry were released, as scheduled, in April and May from the Sound's hatcheries. So far there has been no evidence of dead fry. It remains to be seen whether wild salmon stocks will be as lucky.

Shellfish inhabit deeper waters than salmon. Their harvest in Prince William Sound is much smaller than salmon. It is in March through June when shellfish release their eggs. Once released, these eggs float up near the water's surface. They will most likely die if exposed to oil. These considerations leave in doubt the future of the Sound's shellfish harvests. Herring spawn of 1989, too, are expected to be be heavily impacted by the spill, say state biologists.

The oil spill's impact on the Prince William Sound fisheries is already being assessed, analyzed and predicted. But it will be no fewer than five or ten

years before there will be any definitive answers to the many, long term questions. Some biologists say there may be short term disasters, but the impact on the Sound's fisheries over the next several years may be minimal. It is far too soon now for any biologist to come up with a definitive answer about long term impacts.

Conclusion:
Short Term Net Gain;
Long Term a Question Mark

Because Valdez has become overnight the center of the oil cleanup effort, a boom town atmosphere prevails there, a situation reminiscent of Nome's gold-induced rush at the turn of the century.

There was little opportunity to plan for this massive mobilization. As a result, this has required the usually quiet town of Valdez to bear many costs associated with the boom — housing and labor shortages, crowded streets and stores, increased crime, and overburdened community services. Yet at the same time, Valdez is reaping many short term economic benefits.

Cordova's picture is quite different. Some describe the town, in its present state, as being deserted. Many Cordova residents and owners of its fishing fleets are now working on the spill. Businesses aren't seeing the usual spring activity. The good news for Cordova is that the Copper River Flats salmon fishery has opened successfully.

The integrity of other Sound fisheries remains in doubt until late June and July. Of primary concern is the salmon catch, the Sound's economic mainstay. Of continuing, but lesser, concern are the herring, bottomfish and shellfish catches.

Of greatest concern for the Sound's two small, native villages is the future of their subsistence resources.

Except for an increase in railroad freight traffic, Whittier has so far escaped many of the spill's impacts.

There is no doubt that the 1989 Prince William Sound economies will experience a substantial net increase in activity. But this increase appears trivial when one ponders what might lie ahead in 1990 and beyond.

Prince William Sound's economic future looked bright prior to the oil spill. Valdez's economic diversification efforts were shaping up nicely. Due to hatchery efforts, the Sound's fish stocks were on a strong upswing. Tourism was growing steadily. It has shown continuing, great potential for attracting additional visitors to Alaska.

Now, though, there is a shadow hanging over this quick and painful economic shot in the arm provided by oil cleanup dollars. It is the danger of a negative economic reaction that could follow. Will the long term economic reaction be positive or negative? Time will render the verdict.

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Nonresident Workers' Impact On Alaska in 1987 Was Significant

by Brynn Keith

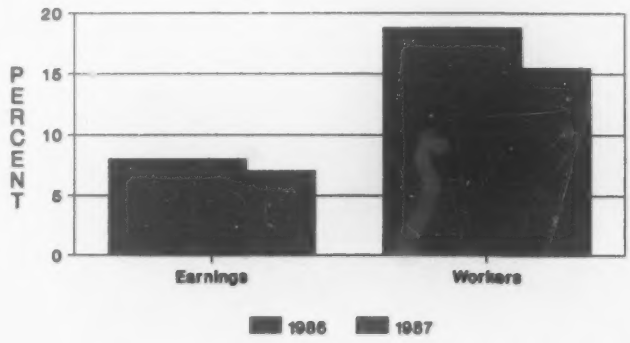
Alaska's economy is in many ways less than stable. Contributing to its instability is its harsh climate, the seasonal nature of many of its industries, and its distance from the other 49 states.

Also aggravating the state's economic instability is the large number of seasonal and transient nonresident workers. Nonresidents contribute to the high rate of unemployment among Alaska residents. Nonresident workers also spend a high percentage of their Alaska earnings outside of the state. Further, a high percentage of nonresidents receive Alaska unemployment insurance benefits while residing out of state.

Nonresident workers' economic impact on Alaska has long been a concern of Alaska's policymakers. The Department of Labor (DOL) annually submits to the legislature a comprehensive report on the subject. This article highlights some of the information contained in the most recent report released in January.[1/]

Figure 1

Percent Nonresident Earnings & Workers – Alaska, 1986 & 1987



Source: Alaska Department of Labor, Research & Analysis Section

1/ This article is derived from *Nonresidents Working in Alaska 1987* a 69-page publication published early this year by the Alaska Department of Labor (DOL). The publication's primary focus was on the amount of Alaska wages earned by nonAlaskans during 1987. *Nonresidents*, mandated by the Alaska legislature and released in January, broke out this information by industry and region, recounting the number of nonAlaskans working in specific industries and specific Alaska regions during 1987. The publication is available free through DOL's Research & Analysis Section.

Table 1

Regular Unemployment Insurance Benefits Paid by State – Ranked by Percentage of Benefits that were Interstate 1987

(excludes supplemental, federal and extended benefits)

Rank	State	Total Benefits	Interstate Benefits	
		Amount paid in millions	Amount paid in millions	Percent of Total
	U.S.	**$14,260.9**	**$838.5**	**5.9**
1	ALASKA	117.3	30.1	25.7
2	Wash., D.C.	67.7	12.9	19.0
3	Delaware	24.5	4.5	18.5
4	Wyoming	48.9	8.7	17.8
5	Nevada	61.9	9.0	14.5
6	Kansas	166.1	19.7	11.9
7	New Hampshire	12.0	1.4	11.5
8	Virginia	128.4	12.9	10.0
9	Nebraska	49.7	4.4	8.8
10	Hawaii	47.3	4.1	8.7
11	Oregon	221.7	18.9	8.5
12	Arizona	122.4	9.5	7.8
13	Connecticut	161.9	12.5	7.7
14	New Jersey	581.3	41.8	7.2
15	Maryland	192.5	13.5	7.0
16	Florida	269.1	18.3	6.8
17	New Mexico	71.9	4.6	6.4
18	Colorado	211.7	13.0	6.1
19	Texas	1,102.2	67.2	6.1
20	Georgia	236.3	14.0	5.9
21	Missouri	225.1	13.3	5.9
22	Maine	51.3	3.0	5.9
23	Louisiana	382.3	22.3	5.8
24	Utah	90.7	5.1	5.6
25	North Dakota	37.7	2.0	5.4
26	Vermont	24.3	1.3	5.4
27	Massachusetts	421.8	22.0	5.2
28	Oklahoma	148.2	7.7	5.2
29	Rhode Island	68.2	3.5	5.2
30	New York	1,108.5	55.7	5.0
31	Washington	356.6	17.9	5.0
32	Arkansas	131.0	6.3	4.8
33	South Carolina	77.3	3.7	4.8
34	North Carolina	202.3	9.5	4.7
35	Montana	45.4	2.1	4.7
36	California	1,840.6	85.9	4.7
37	South Dakota	11.4	0.5	4.6
38	Idaho	66.9	3.1	4.6
39	Illinois	829.6	37.7	4.5
40	Mississippi	100.4	4.4	4.4
41	West Virginia	125.5	5.4	4.3
42	Minnesota	309.9	12.7	4.1
43	Tennessee	167.0	6.3	3.8
44	Pennsylvania	926.3	33.0	3.6
45	Indiana	155.4	5.3	3.4
46	Ohio	651.8	21.8	3.3
47	Kentucky	140.9	4.0	2.8
48	Iowa	130.7	3.7	2.8
49	Alabama	165.9	4.3	2.6
50	Wisconsin	322.9	6.7	2.1
51	Michigan	$956.7	$15.4	1.6

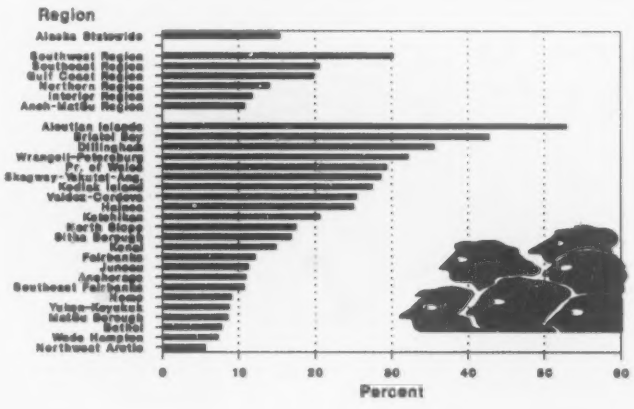
Source: U.S. Department of Labor, Employment & Training Administration

Following are highlights of the report, *Nonresidents Working in Alaska 1987:*

- In 1987, 15.5% of all Alaska workers — 45,148 persons — were nonresidents.
- Compared to all 50 states, Alaska paid the highest proportion of unemployment benefits to out-of-state claimants. The national average for interstate payments in 1987 was nearly 6%. Alaska sent almost 26% of its total benefit payments to out-of-state addresses.
- Alaska's food processing industry had both the highest percentage of nonresident earnings and nonresident workers; over 45% of the industry's total earnings were paid to nonresidents, and more than 46% of the industry's workers were nonresidents. (Ninety-five percent of activity in this industry is in seafood processing.)
- Of the state's six geographic regions, the Southwest employed the highest percentage of nonresident workers — over 30%. These same workers also received the highest percentage of earnings — 20%. (Seafood processing, the dominant industry in this region, has historically had a large nonresident work force.)
- Of the 23 census areas, the Anchorage Borough and the Fairbanks North Star Borough had the largest nonresident work forces — 15,193 and 4,001, respectively.
- Nonresidents' average 1987 earnings were about 41% of those earned by resident workers.
- 7% of Alaska's nonagricultural, nonfederal earnings were paid to nonresident workers in 1987.

Figure 2

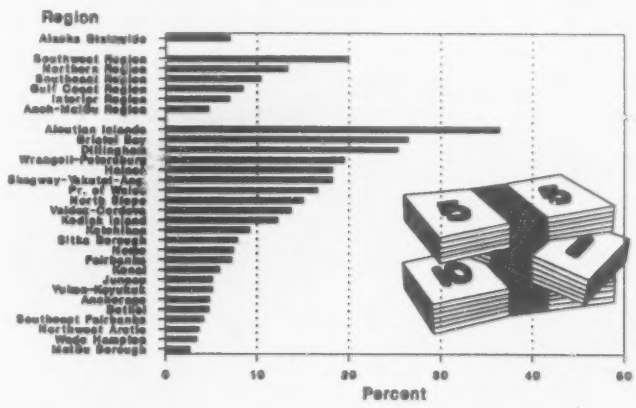
Percent of Workers Who Were Nonresidents — by Geographic Zone, 1987



Source: Alaska Department of Labor, Research & Analysis Section

Figure 3

Percent of Earnings Paid to Nonresidents — by Geographic Zone, 1987



Source: Alaska Department of Labor, Research & Analysis Section

Table 2

Unemployment Insurance Benefits Paid — By Resident Status and Type of Payment Alaska, 1987

Type of Payments	Amount of Payments: Residents (in thous.)	Residents % of Total	Nonresidents (in thous.)	Nonresidents % of Total	Total (in thous.)	Total % of Total
In-state	$94,953,209	81.0	$1,829,138	19.3	$96,782,428	76.4
out-of-state	22,267,434	19.0	7,640,827	80.7	29,908,280	23.6
TOTAL	$117,220,643	92.5	$9,469,965	7.5	$126,690,708	100.0

Source: Alaska Department of Labor, Research & Analysis Section

Alaska Was Still Deep in a Recession in 1987

In 1987, Alaska was still experiencing contractions caused by the economic recession which began in 1985. Throughout 1987, economic activity declined in three sectors: oil and gas mining, construction, and state and local government. Although there was improvement in four sectors (fisheries, federal government, timber, and metal mining), the improvements weren't substantial enough to offset employment losses in the other three sectors.

Five of Alaska's nonagricultural industrial sectors sustained the nation's highest unemployment rates in 1987: construction, manufacturing, FIRE (Finance, Insurance & Real Estate), services, and government. Modest improvement in two sectors' unemployment rates — TCU (Transportation, Communications & Public Utilities), and trade — came about as a result of a drop in these industries' labor force. Because these improvements weren't due to improved economic conditions, there was no recovery indicated for these economic sectors.

Amount of UI Payments Sent Out-of-state Was Enormous

Out of all 50 states and Wash., D.C., Alaska ranked Number 1 in 1987 in the percentage of unemployment insurance benefit payments disbursed to out-of-state claimants. Over 25% of the $117.3 million paid in regular benefits went to out-of-state claimants that year. 2/

Although the total unemployment insurance benefits paid in 1987 decreased from the amount paid in 1986, the percentage of out-of-state claims rose by 3.6 percentage points. When compared to the national out-of-state payment percentage of 5.9%, Alaska's 25.7% payments was enormous. (See Table 1.)

2/ Regular benefits, by definition, exclude state supplemental and federal extended benefits.

Table 3

Annual Earnings, Workers, and Average Earnings by Industry — Alaska, 1987

Industry	Earnings			Workers			Average Earnings		
	Resident	Nonresident		Resident	Nonresident		Resident	Nonresident	
	Earnings (thous.)	Earnings (thous.)	% of Total	no. of Workers	no. of Workers	% of Total	Average Earnings	Average Earnings	As % of Res.
State Government	$626,754	$14,613	2.3	24,575	1,296	5.0	$25,504	$11,276	44.2
Local Government	858,991	15,396	1.8	42,188	2,017	4.6	20,361	7,633	37.5
Agriculture [1/]									
Crops	1,161	95	7.6	301	34	10.1	3,857	2,801	72.6
Livestock	585	68	10.4	45	15	25.0	12,989	4,509	34.7
Agricultural Services	5,600	403	6.7	854	112	11.6	6,557	3,602	54.9
Forestry	2,438	101	4.0	85	5	5.6	28,682	20,118	70.1
Fishing/Hunting/Trapping [1/]	6,164	2,283	27.0	698	285	29.0	8,831	8,011	90.7
Mining									
Metal [1/]	15,186	8,700	36.4	954	377	28.3	15,918	23,076	145.0
Coal	x	x	2.9	x	x	3.3	x	x	89.2
Oil & Gas	472,466	55,685	10.5	11,097	2,051	15.6	42,576	27,150	63.8
Nonmetal/Nonfuel	x	x	11.5	x	x	12.3	x	x	92.3
Construction									
Building	100,672	10,785	9.7	8,271	1,254	13.2	12,172	8,601	70.7
Heavy	122,103	20,259	14.2	7,539	1,328	15.0	16,196	15,255	94.2
Special Trades	136,957	13,776	9.1	10,309	1,692	14.1	13,285	8,142	61.3
Manufacturing									
Food Processing	73,155	60,044	45.1	14,198	12,364	46.5	5,152	4,856	94.3
Textiles	x	x	4.9	x	x	11.8	x	x	38.8
Apparel	474	60	11.3	82	14	14.6	5,779	4,300	74.4
Lumber/Wood	12,988	3,057	19.1	952	333	25.9	13,643	9,179	67.3
Logging	38,847	12,740	24.7	2,071	1,231	37.3	18,758	10,349	55.2
Furniture	x	x	0.0	x	x	0.0	x	x	0.0
Paper	x	x	7.7	x	x	16.8	x	x	41.5
Printing	33,848	1,052	3.0	2,778	242	8.0	12,184	4,349	35.7
Chemicals	x	x	8.1	x	x	6.7	x	x	124.0
Petro Refining	5,439	169	3.0	170	13	7.1	31,995	12,986	40.6
Rubber/Miscellaneous	756	52	6.5	143	18	11.2	5,287	2,903	54.9
Concrete	10,749	202	1.8	616	37	5.7	17,449	5,466	31.3
Primary Metals	238	47	16.4	24	3	11.1	9,937	15,640	157.4
Fabricated Metals	3,222	256	7.4	227	29	11.3	14,196	8,821	62.1
Machinery	848	0	0.0	30	0	0.0	28,276	0	0.0
Electrical Machinery	370	39	9.6	22	5	18.5	16,796	7,820	46.6
Transportation Equipment	2,529	500	16.5	232	78	25.2	10,901	6,416	58.9
Measuring	x	x	0.6	x	x	7.1	x	x	7.9
Miscellaneous	949	0	0.0	82	0	0.0	11,572	0	0.0
Trans., Comm., & Public Utilities									
Local Transit	x	x	11.8	x	x	13.7	x	x	84.7
Motor Freight	52,763	2,951	5.3	3,543	454	11.4	14,892	6,500	43.6
Water Transportation	29,557	5,663	16.1	2,417	459	16.0	12,229	12,337	100.9
Air Transportation	133,421	16,229	10.8	7,057	1,023	12.7	18,906	15,864	83.9
Pipelines	x	x	2.4	x	x	3.1	x	x	78.4
Transportation Services	17,305	1,054	5.7	1,574	193	10.9	10,995	5,461	49.7
Communications	118,022	5,822	4.7	4,561	339	6.9	25,876	17,175	66.4
Utilities	81,624	2,075	2.5	3,080	192	5.9	26,501	10,806	40.8

Note: "x" indicates nondisclosable information.

(cont. on page 22)

Table 3 (cont. from page 21)

Annual Earnings, Workers, and Average Earnings by Industry — Alaska, 1987

Industry	Earnings			Workers			Average Earnings		
	Resident	Nonresident		Resident	Nonresident		Resident	Nonresident	
	Earnings (thous.)	Earnings (thous.)	% of Total	no. of Workers	no. of Workers	% of Total	Average Earnings	Average Earnings	As % of Res.
Wholesale Trade									
Durable	118,598	5,856	4.7	6,039	572	8.7	19,639	10,238	52.1
Nondurable	83,790	4,070	4.6	5,210	611	10.5	16,083	6,662	41.4
Retail Trade									
Hardware	24,428	1,047	4.1	2,052	235	10.3	11,904	4,456	37.4
General Merchandise	59,655	2,001	3.2	7,606	649	7.9	7,843	3,083	39.3
Food Stores	110,494	3,969	3.5	12,187	1,292	9.6	9,067	3,072	33.9
Auto/Service Station	71,508	3,270	4.4	5,983	627	9.5	11,952	5,215	43.6
Apparel	15,742	808	4.9	3,272	367	10.1	4,811	2,202	45.8
Furniture	15,746	691	4.2	1,773	179	9.2	8,881	3,860	43.5
Eating/Drinking Places	122,687	13,592	10.0	26,321	5,079	16.2	4,661	2,676	57.4
Miscellaneous Retail	172,786	3,583	4.7	9,187	964	9.5	7,923	3,717	46.9
Finance, Ins., & Real Estate									
Banking	114,919	3,145	2.7	5,965	394	6.2	19,266	7,982	41.4
Credit Agencies	11,961	439	3.5	850	50	5.6	14,072	8,787	62.4
Brokers	12,161	317	2.5	376	26	6.5	32,344	12,174	37.6
Insurance	27,193	537	1.9	1,068	65	5.7	25,462	8,256	32.4
Insurance Agents	32,894	851	2.5	1,640	121	6.9	20,057	7,037	35.1
Real Estate	25,905	1,450	5.3	3,263	354	9.8	7,939	4,097	51.6
Investment Company	37,747	1,734	4.4	3,211	182	5.4	11,755	9,527	81.0
Services									
Hotels	56,524	6,465	10.3	9,572	1,961	17.0	5,905	3,297	55.8
Personal Services	19,018	948	4.7	3,408	345	9.2	5,580	2,748	49.2
Business Services	84,366	8,879	9.5	10,935	1,810	14.2	7,715	4,905	63.6
Auto Repair	28,080	2,185	7.2	2,938	344	10.5	9,557	6,353	66.5
Miscellaneous Repair	16,388	3,211	16.4	1,351	265	16.4	12,130	12,118	99.9
Motion Pictures	5,302	482	8.3	1,919	239	11.1	2,763	2,018	73.0
Recreation Services	15,050	1,611	9.7	4,074	648	13.7	3,694	2,486	67.3
Health Services	208,027	7,070	3.3	11,804	926	7.3	17,623	7,635	43.3
Legal Services	59,733	1,944	3.2	2,624	201	7.1	22,764	9,670	42.5
Private Education	13,667	883	6.1	1,241	159	11.4	11,013	5,554	50.4
Social Services	63,624	2,453	3.7	8,461	697	7.6	7,520	3,519	46.8
Museums	651	28	4.1	109	6	5.2	5,972	4,639	77.7
Membership Organizations	56,343	1,864	3.2	6,818	505	6.9	8,264	3,691	44.7
Private Household/Domestics	2,338	40	1.7	102	20	16.4	22,921	2,021	8.8
Engineering, Accounting & Management	126,352	14,607	10.4	7,660	1,404	15.5	16,495	10,404	63.1
Miscellaneous Services	11,241	2,657	19.1	763	149	16.3	14,732	17,831	121.0
Nonclassifiable	4,207	837	16.6	685	103	13.1	6,142	8,130	132.4
TOTAL	$4,820,554	$365,147	7.0	246,489	45,148	15.5	$19,557	$8,088	41.4

Source: Alaska Department of Labor, Research & Analysis Section

1/ Data includes only nonagricultural wage and salary employees covered by unemployment insurance. Consequently, data provided for this industry may not be representative of the industry as a whole.

In 1987, nonresidents working in Alaska received $9.5 million in unemployment benefits. That figure amounted to 7.5% of all unemployment insurance benefit payments paid that year. Of all benefit payments disbursed to nonresidents, over 80% were mailed to out-of-state addresses. In contrast, only 19% of all unemployment insurance benefits paid to Alaskans were mailed out-of-state. (See Table 2.)

Sources of Data:

These earnings and employee data were developed by crossmatching 1987 DOL wage records with Alaska Department of Revenue 1987 and 1988 permanent fund dividend records. Workers classified as residents are those who applied for a 1987 or a 1988 dividend.

Workers and earnings data were drawn from DOL wage records. The wage file includes only those workers who are covered by the Alaska Employment Security Act. Excluded from the Act are those employed with the federal government, private railroads, or in agriculture. Also excluded are fishers, full-commission retail sellers, and domestic and unpaid family workers. The wage file also excludes elected and appointed officials.

Yet the workers who are covered by the Act are representative of the Alaska work force. Thus, this analysis gives a fair approximation of the effect of nonresident workers on the Alaska economy.

The Recession Drove Out Many Nonresident Workers

Nonresidents figured less prominently in the Alaska economy in 1987 than they did in 1986. Both the percentages of nonresident earnings and workers dropped in 1987 to levels lower than those seen in 1986. The percentage of earnings received by nonresidents in 1987 dropped nearly two percentage points to 7%. Similarly, nonresident

Table 4

Comparison of Residents and Nonresidents Between 1986 and 1987 for Selected Industries —Alaska

	Earnings (thousands)						Workers					
	Resident		Nonresident		Nonresident		Resident		Nonresident		Nonresident	
	1986	1987	1986	1987	1986	1987	1986	1987	1986	1987	1986	1987
Metal Mining 1/	$11,852	$15,186	$3,903	$8,700	24.8	36.4	709	954	253	377	26.3	28.3
Oil & Gas	487,371	472,466	80,103	55,685	14.1	10.5	11,558	11,097	3,143	2,051	21.4	15.6
Building Construction	111,437	100,672	17,787	10,785	13.8	9.7	10,269	8,271	2,110	1,254	17.0	13.2
Heavy Construction	167,162	122,103	48,745	20,259	22.6	14.2	10,041	7,539	3,072	1,328	23.4	15.0
Special Trades Construction	169,153	136,957	20,609	13,776	10.9	9.1	12,448	10,309	2,344	1,692	15.8	14.1
Food Processing	55,036	73,155	61,342	60,044	52.7	45.1	10,155	14,198	13,521	12,364	57.1	46.5
Lumber/Wood Manufacturing	4,632	12,988	1,096	3,057	19.1	19.1	429	952	88	333	17.0	25.9
Logging	36,075	38,847	11,906	12,740	24.8	24.7	1,998	2,071	1,131	1,231	36.1	37.3
TOTAL	$5,076,010	$4,820,554	$486,430	$365,147	8.7	7.0	252,072	246,489	58,333	45,148	18.8	15.5

Source: Alaska Department of Labor, Research & Analysis Section

1/ Data includes only nonagricultural wage and salary employees covered by unemployment insurance. Consequently, data provided for this industry may not be representative of the industry as a whole.

Table 5

Annual Earnings, Workers, and Average Earnings by Geographic Zone — Alaska, 1987

	Earnings			Workers			Average Earnings		
	Resident	Nonresident		Resident	Nonresident		Resident	Nonresident	
Geographic Zone	Earnings (thous.)	Earnings (thous.)	% of Total	no. of Workers	no. of Workers	% of Total	Average Earnings	Average Earnings	As % of Res.
Alaska Statewide	$4,820,554	$365,147	7.0	246,489	45,148	15.5	$19,557	$8,088	41.4
Anchorage-MatSu Region	2,358,155	116,355	4.7	129,353	15,884	10.9	18,230	7,348	40.3
Anchorage Borough	2,259,781	113,691	4.8	123,643	15,193	10.9	18,277	7,483	40.9
MatSu Borough	98,374	2,664	2.6	7,357	691	8.6	13,371	3,855	28.8
Gulf Coast Region	313,558	28,835	8.4	24,640	6,093	19.8	12,726	4,732	37.2
Kenai Peninsula Borough	206,561	12,983	5.9	15,356	2,701	15.0	13,452	4,807	35.7
Kodiak Island Borough	60,486	8,459	12.3	5,441	2,063	27.5	11,117	4,101	36.9
Valdez-Cordova	46,510	7,392	13.7	4,318	1,474	25.4	10,771	5,015	46.6
Interior Region	497,028	37,353	7.0	33,259	4,486	11.9	14,944	8,327	55.7
Fairbanks Borough	444,388	34,645	7.2	28,777	4,001	12.2	15,442	8,659	56.1
Southeast Fairbanks	13,493	592	4.2	1,516	183	10.8	8,900	3,236	36.4
Yukon-Koyukuk	39,147	2,115	5.1	3,592	345	8.8	10,898	6,131	56.3
Northern Region	377,810	58,115	13.3	16,575	2,734	14.2	22,794	21,257	93.3
Nome	46,581	3,735	7.4	3,794	377	9.0	12,277	9,907	80.7
North Slope Borough	300,511	53,205	15.0	10,508	2,226	17.5	28,598	23,901	83.6
Northwest Arctic Borough	30,718	1,176	3.7	2,484	148	5.6	12,366	7,946	64.3
Southeast Region	439,112	51,137	10.4	29,457	7,987	21.3	14,907	6,402	42.9
Haines Borough	20,842	4,646	18.2	1,376	461	25.1	15,147	10,077	66.5
Juneau Borough	138,762	7,545	5.2	10,050	1,273	11.2	13,807	5,927	42.9
Ketchikan Gateway Bor.	128,696	13,049	9.2	8,489	2,206	20.6	15,160	5,915	39.0
Pr. of Wales-Outer Ketch.	24,354	4,828	16.5	2,563	1,067	29.4	9,502	4,525	47.6
Sitka Borough	58,402	5,000	7.9	4,530	921	16.9	12,892	5,429	42.1
Skagway-Yakutat-Angoon	20,422	4,541	18.2	1,926	772	28.6	10,603	5,883	55.5
Wrangell-Petersburg	47,633	11,527	19.5	3,861	1,806	32.2	12,337	6,278	50.9
Southwest Region	170,955	42,771	20.0	15,862	7,079	30.9	10,778	6,042	56.1
Aleutian Islands	44,328	25,407	36.4	3,435	3,860	52.9	12,905	6,582	51.0
Bethel	66,299	3,310	4.8	6,769	568	7.7	9,795	5,828	59.5
Bristol Bay Borough	13,306	4,794	26.5	1,448	1,083	42.8	9,189	4,427	48.2
Dillingham	24,983	8,481	25.3	2,909	1,614	35.7	8,588	5,255	61.2
Wade Hampton	22,038	779	3.4	2,221	175	7.3	9,923	4,454	44.9
Geographic Area Unknown	$36,498	$15,804	30.2	4,332	2,244	34.1	$8,425	$7,043	83.6

Source: Alaska Department of Labor, Research & Analysis Section

Note: Wages paid to state government employees are excluded from all regions and census areas, but included at the statewide level.

participation in the Alaska work force fell from nearly 20% in 1986 to 15.5% in 1987. (See Figure 1.)

The drop in nonresidents' participation in Alaska's 1987 economy can be attributed in part to the recessionary conditions prevalent in the state at that time. Fewer job opportunities, and an improvement in the economies of the other 49 states made Alaska a less attractive destination in 1987 for nonresident workers.

Analysis of Nonresident Workers by Industry

The Food Processing Industry Had Highest Nonresident Work Force

Compared with all industry sectors, food processing had the highest nonresident payroll and the largest nonresident work force — in both absolute and percentage terms — in 1987. [3/] (See Table 3.) Although the number of nonresident workers in this industry remained fairly constant from 1986 to 1987, a rise in the employment of resident workers resulted in a lower percentage of nonresident workers and earnings. (See Table 4.)

As industry data suggest, 1987 was an excellent year for Alaska's seafood industry. A number of factors contributed to the success of the 1987 season: the phase-out of foreign fleets in U.S.-controlled waters, improvement in the domestic bottomfishery, and comparatively strong salmon runs. Also contributing to the 1987 prosperity were high prices for many species.

Historically, there has been a large nonresident work force in seafood processing due to the seasonal nature of the work and the remoteness of many of the job site locations. Although food processing maintained its standing in 1987 as the industry with the highest percentage of both nonresident workers and earnings, the percentages did decline from their 1986 levels. As Table 4 indicates, the percentage of nonresident workers dropped from 1986 to 1987. Consequently, resident workers benefitted from the majority of the 1987 rise in economic activity.

Alaskans Now Getting More of Alaska's Construction Jobs

The decline in the construction industry, which began in 1986, continued throughout 1987. All three portions of the industry — building, heavy and special trades — were affected by the slow down. However, it was the heavy construction group where the drop in activity was most noticeable. [4/] Earnings in heavy construction decreased by 34% — $73 million. The number of workers fell in a similar manner.

Fewer nonresident workers were competing in 1987 for Alaska construction jobs for two reasons: the downturn in this state's construction industry has decreased the overall number of jobs, and the renewed strength in western states' construction industries have drawn nonAlaskans southwards. Those available construction jobs increasingly went to resident workers. In 1986, resident workers garnered nearly 78% of all Alaska construction jobs; in 1987, Alaskans had more than 84% of the state's total construction jobs.

Increased Mining Activity Drew More Nonresident Workers

Both exploration expenditures and mineral production in Alaska's mineral industry showed a marked improvement in 1987. About 94% of all mineral production was concentrated in gold, coal, and sand and gravel. Alaska produced approximately $105 million in gold during 1987. For the first time since the 1960s the volume of gold production in 1987 exceeded the value of all other minerals combined. On the down side, though, sand and gravel production dropped 43% from its 1986 level. This decline was attributable to the pronounced drop in the development of oil fields and in the development of infrastructure.

3/ In 1987, the Alaska seafood processing industry accounted for 95% of the activity in the entire food processing sector. Consequently, food processing industry data can be interpreted as seafood processing information.

4/ Working in the heavy construction industry are general contractors engaged in projects including — but not limited to — highways and streets, bridges, marine projects, sewers, and railroads.

Employee earnings in metal mining rose by $8 million in 1987. Nonresidents increased their earnings share that year by 11.6 percentage points to 36.4%.

Past research indicates many of the technical, highly-paid occupations have been filled by nonresidents. As a result, nonresidents working in metal mining have earned a higher than average wage compared to that earned by resident workers. In 1987, nonresidents earned an annual average of $23,076, whereas residents earned an annual average of $15,918.

As Oil & Gas Activity Slumped, So Too Did Number of Workers

The year 1987 marked the 10th anniversary of production start up at the nation's largest oil field, Prudhoe Bay. Between 1977 and 1987, Alaskans experienced both the boom that came from the sale of vast quantities of oil, and the bust created by the 1985 fall of oil prices.

Throughout 1987, the oil and gas mining industry experienced the economic contraction created by the price falls that started in 1985. The industry's total number of workers dropped from 1986 levels, as did total earnings for these workers.

Also down in 1987 was the percentage of earnings and workers attributed to nonresidents. For the first time since 1985, nonresident earnings in oil and gas were not the highest (compared to all other Alaska industries). The food processing sector edged out oil and gas in the 1987 rankings. These changes in ranking were, most likely, due both to the constriction in the oil and gas industry and to the growth in the food processing industry.

There Were Few Work Force Changes in the Timber Industry

The forest products industry experienced a year of recovery in 1987. A strengthening of export markets, fueled by a rise in the value of the Japanese yen, resulted in an excellent year for the timber industry. Both the number of timber workers and their earnings exceeded 1986 levels. (See Table 4.)

Prices for logs, lumber, and pulp all rose in 1987. As a result, the production season was extended from 8 to 11 months. This expanded season contributed to a rise in average wages received by resident workers.

Despite the higher number of employees in 1987, the percentage breakdown of nonresident workers and earnings closely approximated 1986 levels. The percentage of earnings received by nonresidents working in the logging industry showed a minuscule drop in 1987. Whereas, the nonresident component of the logging work force edged up slightly during the same period.

Historically, Tourism Has Always Employed Many Nonresidents

Although tourism activity in 1987 ~~didn't~~ match the banner year of 1986, it was successful nevertheless. The Vancouver Expo and the threat of international terrorism in 1986 encouraged many tourists to look to Alaska for vacation opportunities. The return in 1987 to pre-1986 levels of growth wasn't unexpected. The 1987 drop didn't indicate an overall decline in the long term health of Alaska's tourism industry.

Statistical data for the tourism industry is not readily available. There is no single industry associated with tourism activity. Rather, tourism affects many industries, including retail trade, recreational services, hotels, and various transportation sectors. Due to this fracturing of the industry data, actual earnings and workers information for the tourism industry is difficult to chart. Consequently, only general inferences can be offered about industry activity in 1987.

Historically, the tourism industry has employed high numbers of nonresident workers. Many tourism jobs are characterized by comparatively low wages and long hours. Nonresident college students, interested in adventure and the prospect of relatively good wages, are attracted to this industry.

Analysis of Nonresident Workers by Geographic Area

Fishing Ports Had the Greatest Percentage of Nonresident Workers

Very little changed in 1987 in the two geographic rankings: the highest percentage of nonresidents in the work force, and the highest percentage of earnings paid to nonresidents.

Despite increases in resident fishing employment, those communities with the highest percentages of nonresident earnings and workers were the ones dependent on fishing for a significant portion of their economic activity. Of all the 23 Alaska census areas, those which had the highest percentages of nonresident workers in 1987 were: the Aleutian Islands, Bristol Bay Borough, Dillingham, Wrangell-Petersburg, and Prince of Wales-Outer Ketchikan. (See Figure 2.)

The ranking of census areas by percentage of earnings paid to nonresidents closely resembled the areas' ranking by percentage of nonresident workers. The only exception was that the Haines and Skagway-Yakutat-Angoon census areas tied for the 5th highest nonresident payroll (in percentage terms), edging out Prince of Wales-Outer Ketchikan for that ranking. (See Figure 3.)

Improved Bottomfisheries Drew Nonresidents to Aleutians

The number of nonresidents working in the Aleutian Islands rose dramatically from 1986 to 1987. This is explained, in part, by the rise in the bottomfishery. With 3,860 nonresidents employed in 1987, the Aleutian Islands ranked 3rd — of the 23 census areas — in the number of nonresidents employed.

Greatest Number of Nonresidents Were in Anchorage and Fairbanks

As expected, given the population density of the Anchorage and Fairbanks North Star boroughs in 1987, the greatest number of nonresidents were employed in these areas. Employers whose offices were located in the Anchorage Borough employed 15,193 nonresidents in 1987; those in the Fairbanks North Star Borough employed 4,001. (See Table 5.)

Nonresidents Drew the Highest Pay in the Northern Region

In the Northern Region, nonresident workers received average earnings 93.9% as high as resident workers. This figure far exceeds the state average of slightly over 41%. The disparity can be accounted for by the economic dominance in this region of the North Slope Borough, and the prevalence of the oil and gas industry. Many of the highly paid, technical occupations in this industry are filled by nonresidents.

Alaskans Want Job Preference Given to Alaskans

The 1988 resident hire vote changing the state constitution indicates that Alaskans support the idea of hiring Alaska residents. There is substantial disagreement, however, over just how this should be accomplished.

In its current form, the state's local hire law requires that the State of Alaska play an active role in ensuring resident workers are not displaced by nonresidents. Employment preference determinations, made by the commissioner of the Alaska Department of Labor, are used to meet the statutory requirements of local hire legislation. By evaluating various economic criteria, the commissioner determines which areas of the state qualify for employment preference.

Although employment preference determinations only apply to public works projects, the impact of the resident hire program has been broad. Through its data collection efforts and the annual publication of *Nonresidents Working in Alaska*, the Alaska Department of Labor has significantly increased employer awareness of the resident hire issue.

In addition, occupational information collected by DOL can be used to improve resident employment opportunities throughout the economy. The resident hire occupational data base can be used to help evaluate vocational training programs, and identify occupations with high rates of growth. This information is available to educators and job searchers.

About the Author:

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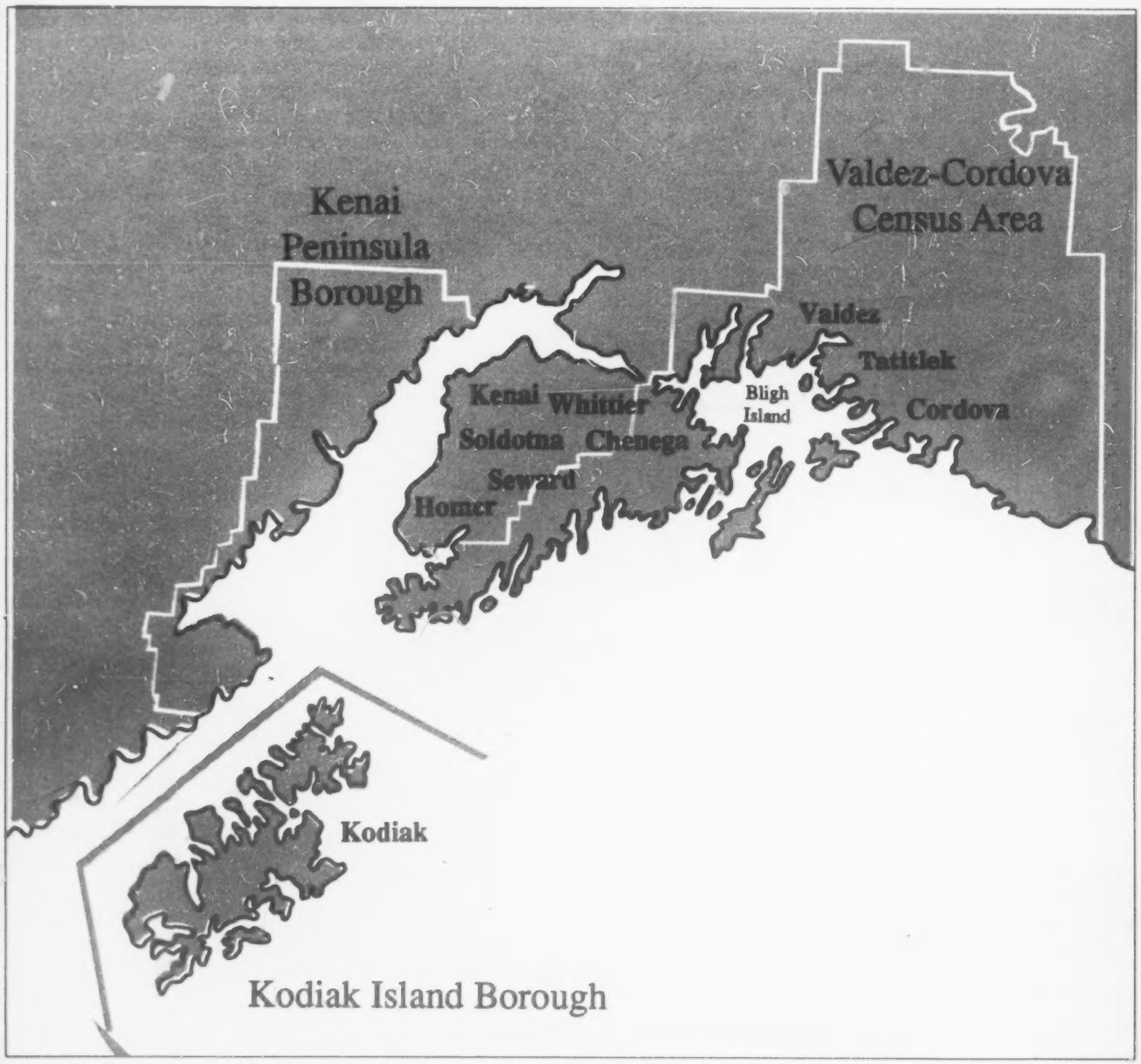
Gulf Coast Region



April Employment Boosted by Oil Spill Impact

by Holly Stinson

April employment figures usually show an upward seasonal swing. But this April's customary seasonal increase received an additional boost when almost 2,000 new jobs were created to deal with the Prince William Sound oil spill. The spill caused statewide employment to rise and unemployment to plummet in April. While Gulf Coast communities bore the brunt of these wild swings in the labor market, other areas of the state were affected, too.

State's Unemployment Rate Dropped One Full Percentage Point

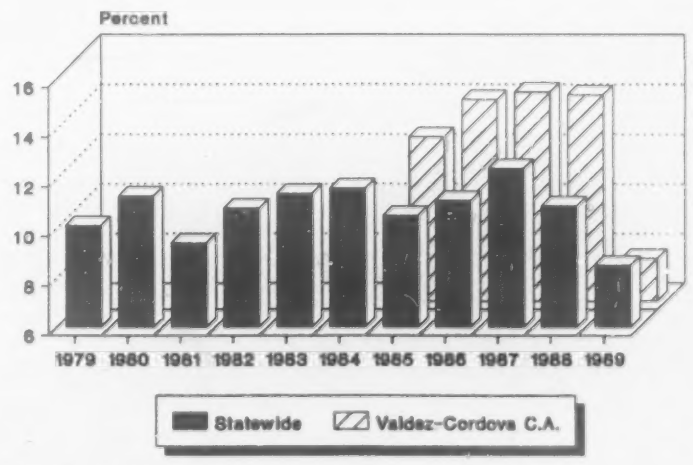
The statewide April unemployment rate dropped a full percentage point from 9.5 to 8.5. There were nearly 6,000 more Alaska jobs in April 1989 than in April 1988. (See Table 1 and Figure 1.) Yet employers in many areas were finding it difficult to hire workers. Low paying jobs in communities directly affected by oil cleanup activity went unfilled. Also unfilled were jobs in far away Anchorage and Fairbanks. Among the businesses searching unsuccessfully for workers were restaurants, day care centers, and gas stations.

Spill Pressures Gulf Coast Labor Market

For many Gulf Coast communities Good Friday 1989 will mark the break between pre- and post-spill economic periods. While the pre-spill days can be characterized as calm, the post-spill days were chaotic. Pouring into Valdez, Cordova, Seward, Homer and Kodiak were news media workers, state and federal officials, Exxon employees, and job searchers. Vacant hotel rooms disappeared. Restaurants filled. Air traffic skyrocketed. Tremendous pressure was placed on the five communities' services. Compounding the problem was the exodus of many local workers for higher paying jobs with the cleanup contractors. Help wanted signs appeared all over. Local jobs went begging.

Figure 1

April Unemployment Rates — 1979-1989



Rate for Valdez-Cordova Census Area unavailable prior to1985.

Source: Alaska Department of Labor, Research & Analysis Section

Table 1

Nonagricultural Wage and Salary Employment By Place of Work

Alaska

	p/ 4/89	r/ 3/89	4/88	Changes from: 3/89	Changes from: 4/88
Nonag. Wage & Salary	213,100	206,900	207,300	6,200	5,800
Mining	10,200	10,100	9,400	100	800
Construction	7,200	6,500	7,800	700	-600
Manufacturing	12,800	12,000	12,900	800	-100
Seafood Processing	6,200	5,800	6,100	400	100
Lumber & Paper Products	3,300	3,000	3,500	300	-200
All Other Manufacturing	3,300	3,200	3,300	100	0
Trans., Comm. & Utilities	18,600	16,500	16,300	2,100	2,300
Trucking & Warehousing	2,200	2,200	2,000	0	200
Water Transportation	2,700	1,000	900	1,700	1,800
Air Transportation	5,400	5,200	5,200	200	200
Communications	3,200	3,100	3,200	100	0
All Other Transportation	5,100	5,000	5,000	100	100
Trade	41,500	40,200	40,600	1,300	900
Wholesale	7,500	7,300	7,200	200	300
Retail	34,000	32,900	33,400	1,100	600
Gen. Merch. & Apparel	4,900	4,800	4,600	100	300
Food Stores	6,100	6,000	5,900	100	200
Eating & Drinking Places	12,800	11,900	12,500	900	300
All Other Retail	10,200	10,200	10,400	0	-200
Finance, Ins. & Real Estate	10,600	10,600	10,700	0	-100
Services	42,800	42,200	42,000	600	800
Hotels & Other Lodging	4,100	3,900	4,100	200	0
Government	69,400	68,800	67,600	600	1,800
Federal	17,400	17,400	17,600	0	-200
State	21,000	20,700	19,900	300	1,100
Local	31,000	30,700	30,100	300	900

Notes: Prepared in cooperation with the U.S. Bureau of Labor Statistics.

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark date: March 1988

p/ denotes preliminary estimates
r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section

Although the Exxon Valdez ran aground in March, the consequences of the spill cleanup effort didn't show in Alaska Department of Labor (DOL) statistics until April. What these statistics revealed is partly the subject of this column.

Valdez-Cordova Unemployment Was Cut in Half

The April unemployment rate for the Valdez-Cordova Census Area was almost half the March level, dropping from 14.5% to 7.7%. The unemployment rate for the entire Gulf Coast area (see map, page 28) was five full percentage points below April 1988 (10.3% vs. 15.3%). (See Table 4, page 35.) This rate would have likely been lower were it not for some job searchers declining to accept lower paying local jobs in hopes of being hired for higher paying cleanup jobs.

Jobs Jump in the Transportation Industry

Even with many local jobs vacant, Gulf Coast employment rose overall by 14% over April of 1988. Most of the rise appeared in the transportation industry, the industry where oil spill cleanup workers are classified. This rise caused employment in the TCU (Transportation, Communications and Utilities) sector to jump an unusual 135% above April 1988. Veco and Norcon, subcontractors to Exxon, created an additional 1,600 jobs by April 12. These numbers were expected to escalate in May and June into several thousand.

It's expected that Gulf Coast employment will climb to astronomical levels this summer; meanwhile, its unemployment rate will likely continue to fall.

Added employment in the air transportation industry is an indicator of the hectic condition at the local airports. Traffic soared in April as people scurried to survey the spill and

Nonagricultural Wage and Salary Employment By Place of Work

Anchorage Borough

	p/ 4/89	r/ 3/89	Changes from: 4/88	3/89	4/88
Nonag. Wage & Salary	100,750	99,100	98,850	1,650	1,900
Mining	3,750	3,700	3,250	50	500
Construction	3,200	3,200	3,850	0	-650
Manufacturing	2,550	2,200	2,550	350	0
Trans., Comm. & Utilities	9,200	8,950	8,850	250	350
Trucking & Warehousing	1,450	1,450	1,200	0	250
Water Transportation	400	300	300	100	100
Air Transportation	3,300	3,200	3,250	100	50
Communications	1,800	1,750	1,800	50	0
All Other Transportation	2,250	2,250	2,300	0	-50
Trade	24,550	23,950	23,400	600	1,150
Wholesale	5,750	5,550	5,400	200	350
Retail	18,800	18,400	18,000	400	800
Gen. Merch. & Apparel	2,450	2,350	2,300	100	150
Food Stores	3,000	2,950	2,750	50	250
Eating & Drinking Places	7,650	7,550	7,400	100	250
All Other Retail	5,700	5,550	5,550	150	150
Finance, Ins. & Real Estate	6,950	7,000	7,150	-50	-200
Services	24,550	24,050	24,000	500	550
Government	26,000	26,050	25,800	-50	200
Federal	9,750	10,000	10,200	-250	-450
State	7,550	7,450	7,050	100	500
Local	8,700	8,600	8,550	100	150

Fairbanks North Star Borough

	p/ 4/89	r/ 3/89	Changes from: 4/88	3/89	4/88
Nonag. Wage & Salary	25,200	24,500	24,950	700	250
Mining	100	100	150	0	-50
Construction	1,250	1,050	1,250	200	0
Manufacturing	600	550	550	50	50
Trans., Comm. & Utilities	1,750	1,750	1,650	0	100
Trucking & Warehousing	400	400	350	0	50
Air Transportation	250	250	250	0	0
All Other Transportation	1,100	1,100	1,050	0	50
Trade	5,450	5,200	5,650	250	-200
Wholesale	700	650	700	50	0
Retail	4,750	4,550	4,950	200	-200
Food Stores	750	750	750	0	0
All Other Retail	4,000	3,800	4,200	200	-200
Finance, Ins. & Real Estate	800	750	800	50	0
Services	5,600	5,550	5,500	50	100
Government	9,650	9,550	9,400	100	250
Federal	2,750	2,700	2,750	50	0
State	4,250	4,250	4,050	0	200
Local	2,650	2,600	2,600	50	50

Anchorage-MatSu Region

	p/ 4/89	r/ 3/89	Changes from: 4/88	3/89	4/88
Nonag. Wage & Salary	106,550	105,000	105,100	1,550	1,450
Mining	3,800	3,750	3,250	50	550
Construction	3,350	3,400	4,000	-50	-650
Manufacturing	2,600	2,300	2,600	300	0
Trans., Comm. & Utilities	9,800	9,600	9,450	200	350
Trade	25,700	25,100	24,900	600	800
Finance, Ins. & Real Estate	7,350	7,400	7,550	-50	-200
Services	25,450	24,950	25,100	500	350
Government	28,500	28,500	28,250	0	250

Interior Region

	p/ 4/89	r/ 3/89	Changes from: 4/88	3/89	4/88
Nonag. Wage & Salary	28,850	28,000	28,900	850	-50
Mining	300	300	300	0	0
Construction	1,300	1,100	1,350	200	-50
Manufacturing	600	550	600	50	0
Trans., Comm. & Utilities	2,050	2,000	1,950	50	100
Trade	5,700	5,500	5,950	200	-250
Finance, Ins. & Real Estate	800	800	900	0	-100
Services	6,150	5,950	6,050	200	100
Government	11,950	11,800	11,800	150	150

Notes: Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark date: March 1988 p/ denotes preliminary estimates r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section

(cont. on page 32)

Table 2 (cont. from page 31)

Nonagricultural Wage and Salary Employment By Place of Work

Southeast Region

	p/ 4/89	r/ 3/89	Changes from: 4/88	3/89	4/88
Nonag. Wage & Salary	30,850	29,550	29,900	1,300	950
Mining	250	250	150	0	100
Construction	900	800	1,000	100	-100
Manufacturing	4,750	4,100	4,950	650	-200
Seafood Processing	1,400	1,100	1,250	300	150
Lumber & Paper Products	3,050	2,700	3,450	350	-400
All Other Manufacturing	300	300	250	0	50
Trans., Comm. & Utilities	2,150	2,050	2,050	100	100
Trade	4,800	4,650	4,500	150	300
Wholesale	450	450	400	0	50
Retail	4,350	4,200	4,100	150	250
Finance, Ins. & Real Estate	1,000	1,000	1,050	0	-50
Services	4,900	4,750	4,650	150	250
Government	12,100	11,950	11,550	150	550
Federal	1,950	1,900	1,900	50	50
State	5,500	5,450	5,200	50	300
Local	4,650	4,600	4,450	50	200

Southwest Region

	p/ 4/89	r/ 3/89	Changes from: 4/88	3/89	4/88
Nonag. Wage & Salary	13,000	12,750	12,550	250	450
Seafood Processing	2,350	2,450	2,200	-100	150
All Other Private	4,300	4,050	4,200	250	100
Government	6,350	6,250	6,150	100	200
Federal	1,300	1,300	1,250	0	50
State	550	550	500	0	50
Local	4,500	4,400	4,400	100	100

Gulf Coast Region

	p/ 4/89	r/ 3/89	Changes from: 4/88	3/89	4/88
Nonag. Wage & Salary	20,300	18,050	17,850	2,250	2,450
Mining	800	800	800	0	0
Construction	700	650	700	50	0
Manufacturing	2,500	2,600	2,450	-100	50
Seafood Processing	1,800	1,900	1,850	-100	-50
All Other Manufacturing	700	700	600	0	100
Trans., Comm. & Utilities	3,050	1,400	1,300	1,650	1,750
Trade	3,550	3,300	3,350	250	200
Wholesale	550	500	450	50	100
Retail	3,000	2,800	2,900	200	100
Finance, Ins. & Real Estate	550	550	550	0	0
Services	3,400	3,150	3,150	250	250
Government	5,750	5,300	5,550	150	200
Federal	500	500	500	0	0
State	1,800	1,700	1,600	100	200
Local	3,450	3,400	3,450	50	0

Northern Region

	p/ 4/89	r/ 3/89	Changes from: 4/88	3/89	4/88
Nonag. Wage & Salary	13,300	13,050	12,850	250	450
Mining	4,950	4,750	4,900	200	50
All Other Private	3,900	3,850	3,700	50	200
Government	4,450	4,450	4,250	0	200
Federal	350	350	350	0	0
State	350	350	350	0	0
Local	3,750	3,750	3,550	0	200

Notes: Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark date: March 1988 p/ denotes preliminary estimates r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section

Table 3

Alaska Hours and Earnings for Selected Industries [1/2]

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	p/ 4/89	r/ 3/89	4/88	p/ 4/89	r/ 3/89	4/88	p/ 4/89	r/ 3/89	4/88
Mining	$1,080.48	$1,120.72	$1,215.54	48.0	48.6	50.5	$22.51	$23.06	$24.07
Construction	1,058.83	903.06	977.32	45.6	39.8	41.5	23.22	22.69	23.55
Manufacturing	606.53	574.37	510.50	48.6	49.6	37.1	12.48	11.58	13.76
Seafood Processing	454.64	469.44	302.78	51.9	57.6	33.2	8.76	8.15	9.12
Lumber & Paper Prod.	797.04	632.72	703.50	48.6	40.9	41.9	16.40	15.47	16.79
Trans., Comm. & Utilities	587.53	572.60	594.46	36.2	35.0	36.9	16.23	16.36	16.11
Trade	375.36	361.88	377.65	34.0	33.2	33.9	11.04	10.90	11.14
Wholesale	519.92	520.52	523.71	38.8	38.5	39.2	13.40	13.52	13.36
Retail	324.94	309.33	327.10	32.3	31.5	32.1	10.06	9.82	10.19
Finance-Ins. & Real Estate	412.92	415.93	406.39	37.2	35.1	35.9	11.10	11.85	11.32

Notes: p/ denotes preliminary estimates r/ denotes revised estimates Benchmark: March 1988

1/ Prepared in cooperation with the Bureau of Labor Statistics, U.S. Department of Labor.

2/ Excludes eating and drinking establishments.

Averages are based on data for full- and part-time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.

Source: Alaska Department of Labor, Research & Analysis Section

to shuttle supplies. A Valdez airport tower was reactivated to handle the increased traffic. Alaska Department of Transportation officials estimate the number of pre-spill flights at Valdez to be 20 per day; since the spill, the daily flights have sometimes topped 600. Jobs in this industry are at or above their normal summer levels.

Gulf Coast Restaurants and Hotels Expand Hours

Gulf Coast's trade and services sectors also saw healthy employment increases over the month, as well as over the year. While some rise was expected for this time of year, much of this year's jump occurred as an indirect effect of the oil spill. Many hotels that had been closed for the winter opened ahead of schedule this spring. Restaurants and other retail businesses increased their employee numbers in April to summer levels — when they were lucky enough to find willing workers. Those employers who didn't find additional workers expanded the number of hours their current employees were working.

Anchorage Jobs Rose 2% in April

In Anchorage, the construction industry, showing no seasonal rise, remained a drag on the economy during April. The FIRE (Finance, Insurance and Real Estate) sector also hindered Anchorage's economic recovery. This sector has lost 50 jobs since March of this year and 200 jobs since April 1988. These numbers still exclude the 450 lost jobs when Alliance Bank was closed in late April. Many Alliance employees have found jobs since with the two entities overseeing the failed bank's assets, National Bank of Alaska and the FDIC (Federal Deposit Insurance

Corporation). But May statistics are sure to record another employment drop for this sector.

One factor keeping Anchorage's overall growth rate on the positive side has been a sizeable rise in oil-related employment (reflected in the mining category). Also contributing to a 2% over-the-year rise in Anchorage jobs were increases in the services and trade sectors. (See Table 2, pages 31 & 32.)

Fairbanks Economy Boosted by Construction at Military Bases

Once again, Fairbanks is one of the few hot spots statewide for seasonal construction activity. Projects begun last summer are continuing at the community's two military installations. The startup of new projects has propped up this weakened industry for another season. The military construction budget for Fairbanks projects is over $100 million for the Federal Fiscal Year Ended September 1989.

Fairbanks' retail trade has started slow this season. This might reflect a cautious outlook toward this summer's tourist traffic. Recent advertising promotions have assured prospective tourists that Alaska remains a worthwhile destination despite the oil spill. But many people who rely on tourism for their livelihoods are crossing their fingers, hoping that the advertisements will succeed.

Bradley Lake & Red Dog — Other Construction Projects of Consequence:

Besides the Fairbanks military projects, construction projects of consequence elsewhere are the Bradley Lake Hydroelectric Project on the Kenai Peninsula near Homer, and Cominco's Red Dog lead and zinc mine in the Northern region near Kotzebue. Work began this past spring on Bradley Lake's $32 million powerhouse. This project, spanning two years, will employ a small number of workers over a long period of time. In contrast, Red Dog construction workers will peak at several hundred during this summer's push for a late 1989 completion.

Lumber Slows in the Southeast

The Southeast lumber industry didn't pace its April 1988 employment figures. A Wrangell sawmill temporarily shut down due to environmental and supply concerns. Another in Haines cut back to a day shift operation. These cutbacks contributed to an over-the-year loss of 450 jobs. But April 1989 employment was still higher than the slow months of February and March 1989. Further, it will remain difficult for the industry to even equal its April 1988 record when there were 500 more jobs than any other April of this decade.

Although lumber is off to a slow start in the Southeast Region, a strong market should allow for the May and/or June employment figures to be close to last year's numbers.

Seafood Processing Declines in Gulf Coast

The Southeast enjoyed a slight rise in seafood processing jobs during April (compared to March numbers). But in the Gulf Coast, this sector's employment figures fell from the March numbers. While the decline was not considerable, the drop came at a time when seafood processing jobs should have risen. The Gulf Coast's seafood processing jobs hit their lowest April level in four years.

Kodiak's fish processors are seeing slowed activity for two distinct reasons: 1) A small portion of Kodiak's herring fishery was cancelled as a result of oil being in the fishery's waters. This affected about 13% of the usual spring harvest. 2) A recent 24-hour halibut opening netted a smaller catch than last year. The reasons attributed to this smaller catch were twofold: a smaller fleet (many boats were — and still are — under contract to Exxon for oil cleanup), and rough weather.

The oil spill will negatively affect Gulf Coast's seafood processors throughout 1989, and possibly beyond this season. In Prince William Sound, the four spring herring fisheries have been closed altogether. Processors geared up, though, when there was a heartening catch of salmon in the Copper River flats. The processors are not only worried about more oil-caused fishery closures, but they are also worried whether they will have a sufficient labor force this summer to process any fish that are harvested.

Summary

The Good Friday oil spill spread to the Gulf Coast labor market. Gulf Coast employment numbers vaulted through the ceiling after the spill added direct and indirect jobs to the region's economy. At the same time, however, many businesses couldn't hire enough people to fill local job openings. Pressure on local businesses rose even more as the tourist season began.

The statewide unemployment rate dropped to a record April low, dropping to 8.5% in April from 9.5% in March. This was the lowest April rate in at least a decade. Impressive, too, was the change in the unemployment rate for the Valdez-Cordova Census Area. There the rate fell from 14.5% to 7.7%.

Trade and services businesses throughout Alaska exhibited their usual spring increases.

Seafood processing jobs declined in the Gulf Coast and the Southwest but remained strong in the Southeast.

The Southeast's lumber industry fell off last year's pace but showed a seasonal rise from March levels.

Anchorage's job market showed a 2% over-the-year increase.

Fairbanks' economy grew less than 1%.

Statewide, an already expanding economy got an unexpected boost in April when almost 2,000 new jobs were added to the economy to deal with the oil spill.

Statewide employment levels are expected to remain above usual seasonal levels — especially in the Gulf Coast — throughout this summer.

About the author:

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Table 4

Labor Force By Region and Census Area

	Labor Force			Unemployment			Rate			Employment		
	p/ 4/89	r/ 3/89	4/88	p/ 4/89	r/ 3/89	4/88	p/ 4/89	r/ 3/89	4/88	p/ 4/89	r/ 3/89	4/88
Alaska Statewide	232,842	234,596	235,822	22,024	23,624	26,236	9.5	10.1	11.1	210,818	210,972	209,586
Anch.-MatSu Region	121,670	122,562	124,599	9,517	9,962	11,985	7.8	8.1	9.6	112,153	112,600	112,614
Anchorage Borough	107,956	109,259	110,428	7,272	7,575	9,273	6.7	6.9	8.4	100,684	101,684	101,155
MatSu Borough	13,714	13,303	14,171	2,245	2,387	2,712	16.4	17.9	19.1	11,469	10,916	11,459
Gulf Coast Region	24,194	24,561	24,220	3,310	3,529	3,830	13.7	14.4	15.8	20,884	21,032	20,390
Kenai Peninsula Borough	15,402	15,586	15,422	2,564	2,657	2,888	16.6	17.0	18.7	12,838	12,929	12,534
Kodiak Island Borough	5,009	5,111	4,988	194	262	287	3.9	5.1	5.8	4,815	4,849	4,701
Valdez-Cordova	3,783	3,864	3,810	552	610	655	14.6	15.8	17.2	3,231	3,254	3,155
Interior Region	33,975	34,457	34,417	4,417	4,586	5,225	13.0	13.3	15.2	29,558	29,871	29,192
Fairbanks North Star Bor.	29,132	29,476	29,433	3,534	3,607	4,152	12.1	12.2	14.1	25,598	25,869	25,281
Southeast Fairbanks	2,010	2,073	2,056	345	390	411	17.2	18.8	20.0	1,665	1,683	1,645
Yukon-Koyukuk	2,833	2,908	2,928	538	589	662	19.0	20.3	22.6	2,295	2,319	2,266
Northern Region	7,892	8,118	7,934	704	817	812	8.9	10.1	10.2	7,188	7,301	7,122
Nome	2,991	3,081	3,030	311	359	374	10.4	11.7	12.3	2,680	2,722	2,656
North Slope Borough	2,838	2,920	2,800	156	196	143	5.5	6.7	5.1	2,682	2,724	2,657
Northwest Arctic Borough	2,063	2,117	2,104	237	262	295	11.5	12.4	14.0	1,826	1,855	1,809
Southeast Region	33,456	33,043	32,973	3,383	3,904	3,358	10.1	11.8	10.2	30,073	29,139	29,615
Haines Borough	864	831	832	127	117	106	14.7	14.1	12.7	737	714	726
Juneau Borough	14,660	14,284	14,447	919	968	915	6.3	6.8	6.3	13,741	13,316	13,532
Ketchikan Gateway Bor.	6,215	6,132	6,047	708	797	624	11.4	13.0	10.3	5,507	5,335	5,423
Pr. of Wales-Outer Ketch.	2,640	2,759	2,605	414	603	413	15.7	21.9	15.9	2,226	2,156	2,192
Sitka Borough	3,876	3,842	3,886	281	359	346	7.2	9.3	8.9	3,595	3,483	3,540
Skagway-Yakutat-Angoon	1,735	1,770	1,762	402	478	449	23.2	27.0	25.5	1,333	1,292	1,313
Wrangell-Petersburg	3,466	3,425	3,394	532	582	505	15.3	17.0	14.9	2,934	2,843	2,889
Southwest Region	11,655	11,855	11,679	693	826	1,026	5.9	7.0	8.8	10,962	11,029	10,653
Aleutian Islands	3,185	3,214	3,185	42	52	131	1.3	1.6	4.1	3,143	3,162	3,054
Bethel	4,447	4,514	4,427	322	364	418	7.2	8.1	9.4	4,125	4,150	4,009
Bristol Bay Borough	450	460	447	43	51	52	9.6	11.1	11.6	407	409	395
Dillingham	2,096	2,156	2,086	136	184	182	6.5	8.5	8.7	1,960	1,972	1,904
Wade Hampton	1,477	1,511	1,534	150	175	243	10.2	11.6	15.8	1,327	1,336	1,291

Notes: p/ denotes preliminary estimates r/ denotes revised estimates Benchmark: 1988

- Federal guidelines require the use of unrounded labor force data, adjusted to be consistent with the Current Population Survey in formulas used to allocate federal funds.
- Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor.
- The official definitions of unemployment currently in place exclude anyone who has made no attempt to find work in the four-week period up to and including the week that includes the 12th of each month. Most Alaska economists believe that Alaska's rural localities have proportionately more of these discouraged workers.

Source: Alaska Department of Labor, Research & Analysis Section

Newly Released DOL Publications

Available as of the last few weeks through the Alaska Department of Labor (DOL) Research & Analysis Section (R&A) are three issues of the *Statistical Quarterly*:

- *Statistical Quarterly 1st Quarter 1988,*
- *Statistical Quarterly 2nd Quarter 1988,* and
- *Statistical Quarterly 3rd Quarter 1988.*

Like the title reads, *Statistical Quarterly* is a quarterly publication of statistical tables which report in detail — by industry and census area — Alaska nonagricultural wage and salary employment and earnings.

Each of the three publications are available free from DOL R&A.

Alaska Economic Regions